THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

December 28, 1940

Reply to Tang Leang-li

Wang's Bank Threatens City

Japan's Southward Expansion

Mr. Grew Speaks Out

Chinese Art Major Casualty as Result of Japanese Occupation

VOLUME 95 PRICE 80 CENTS (in China) NUMBER 4

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THE POST MERCURY

To the Editor:

With regret I find that you have assembled a quantity of gossip concerning Post Mercury enterprises and included it in an article of your December 21 issue under the general heading "Attempt Of Japanese Military To Stifle Shanghai Radio." As my own name is included it may be permissible for me to venture a word or two designed to correct misstatements of fact in the section relating to ourselves.

The reason for dragging us in was the fact that we operate a radio station, not part of the newspaper, which I edit, but which like the Shanghai Evening Post and Mercury is a property of the Post Mercury Co., Federal Inc., U.S.A. Efforts have been made to magnify a personnel change at the radio station into a yielding to "pressure" by someone—the title of your article would suggest that it was the Japanese, but I have heard suggestions that it might be the Nazis or Mr. Chow Fu-hai. Those who want to believe such rot will do so and I presume that denial is superfluous. However, for my own personal satisfaction I will say that although the radio station is not any of my direct business, I am quite sure no outside "pressure" of any description caused the decision to change broadcasters. There was, in fact, no expectation on the part of the management that the discontinuance of a small part of the functions of the broadcaster in question would cause him to indulge in any melo-dramatic resignation gesture, compelling the station on no notice to find another broadcaster for the daily news reports which comprised the bulk of the work and concerning which no discontinuance had been ordered. Both news reports and twice-a-week commentaries are being continued by other personnel.

In connection with my own routine answer in our newspaper to questions put to us concerning various matters, you are quite going beyond the facts to say that I was "forced to make an explanation—or protestation" that the Post "had not been forced to change its policy." This is all pretty silly, as I realize in trying to deal with it, but silliness sometimes gains great currency in Shanghai. There was no "force" anywhere in the equation—we didn't have to answer the questions, but did so voluntarily, and it seemed worth while to explain about policy because I not only said it hadn't changed but further said it was not going to change—a point on which even you seem to entertain doubt quite unwarranted by any facts, I assure you.

Next in the rumor parade is your remark concerning myself, that I "announcedly" am going to New York "to become public relations counsel for C. V. Starr's headquarters." Anybody who can find any such announcement anywhere in the archives will be awarded a big red apple from my own hand. For the past nine and one-half years I have been working for the Post without a trip home and certainly I hope, as I have been hoping for some years past, that such a trip is not far off, providing my work can be continued as usual. I shall continue to work for Mr. Starr as I have been doing and I shall continue to be connected with the Shanghai Evening Post also. What I may do in New York is certainly NOT going to be any functioning as "public relations counsel", alias press-agent, both because I have no appetite for that kind of employment and because Mr. Starr is fully able to speak for himself without help as should be clear to anyone who read our editorial column for December 17.

Your publication of what you yourself term "rumors" that Mr. Bruce, our vice-president and general manager, "is purchasing a controlling stock interest in the Post Mercury Company from Mr. Starr" (our president and controlling owner) is the first I had heard of anything of the sort. Would it not seem wise and fair, if you want to give circulation to such tales, to go to the people concerned in the first instance? I think you would get a good reception and the full truth from Mr. Bruce, and I think he would tell you what he has told me and what I have every reason for a variety of causes to regard as the complete truth—that this yarn is all bunk and a yard wide. It might be added, since "Shopping News" was dragged into the general melee of rumor, that neither Mr. Bruce nor any of the rest of us are responsible for the "jazzing up" or otherwise of such clients of our printing department.

The whole fabric of false report is perfect and it adds up nicely to a theory that we are letting our affairs be run by someone else and that two of our group, viz. Mr. Starr and myself, are quietly getting out—but like many another plausible theory this one is all right up to the point of fact and there it falls down, because none of it is true. Our enterprises are what they have been and so far as I can see they will continue in substantially the same way with Mr. Starr, Mr. Bruce and myself all taking our respective parts and with policies still what they have been—American.

Randall Gould.

Shanghai, Dec. 21, 1940.

U.S. LOAN TO CHINA

To the Editor:

On December 1st the very day when the so-called "treaty" between Japan and the puppets was signed at Nanking, President Roosevelt announced that the

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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United States would grant to the Chinese government U.S.$100,000,000 credit; one-half of the loan would be made to China for general purposes and the other half for monetary protection. Besides this, it was said, America will help China with planes. Such help in economic and war weapons from America shows that U.S. not only recognizes the Chungking government as the only legal government of China, but also gives a heavy blow to Japan, and the Nanking puppet government which has no legal position in international law obeyed by those modern civilized and peace-loving democracies, though recognized by Japan. In an alternative sense, U.S. has continuously maintained her "non-recognition" policy toward the illegal regime. U.S. has decided to protect her interests and to stop Japanese aggression.

We, the Chinese people, cannot help but thank America for her practical and friendly maintenance of China. But as the Orient and Oriental events are equally important to America, we hope U. S. will give China more help in necessary weapons of war as she has done for Britian, so that China may beat her enemy quicker and end the Sino-Japanese war as soon as possible. China needs more money, arms and things like planes, tanks, cannon and those new and effective weapons from America. The more, the better. We believe that with America's timely help, China will win more battles and the final victory will surely not be far away.

MU WEN FU

Chungking, Dec. 5, 1940.

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, December 24, 1940

Demand selling rate on New York: U.S.$1.00—Sh.$18.82

Demand buying rate on New York: U.S.$1.00—Sh.$17.97

Demand selling rate on London: £1.0.0—Sh.$71.11

Demand buying rate on London: £1.0.0—Sh.$68.57

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December 24, 1940

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Amer. Waterworks	6¾
Anaconda Copper	26⅜
Bethlehem Steel	85
Chrysler	74
Elec. Bond & Sh.	37⅞
Gen. Motors	48⅞
Goodyear T. & R.	18¾
Gt. Nthrn. Rly., pfd.	26½
Lockheed Aircraft	26¾
Mont. Ward	36⅛
N. Y. Central	13¼
Texas Corp	39¾
U. S. Steel	68¾

COMMODITIES

New York Cotton, Jan.	9.99/09
New York Rubber, Jan.	20.40B
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JAPAN'S ACTION MAKES WAR WITH AMERICA MORE LIKELY

THE United States will not go to war with Japan because a Nipponese, described as "demented" but possibly no more demented than most of Japan's present day leaders, saw fit to smear the walls of the U. S. Embassy in Tokyo with a coating of filth. The *United Press* message from Tokyo describing the incident stated that it was the man's second offense—that he had thrown excrement against the walls of the Embassy buildings on Dec. 2 and had escaped before the police arrived.

The Tokyo police who examined the man announced that his action was of non-political nature; that he was under the delusion he was obeying a radio order from heaven. The fact that the man chose the time for his act a few hours after Ambassador Joseph G. Grew had made a sharp retort to a provocative speech by Foreign Minister Yosuke Matsuoka indicated that the police may have been mistaken and that the man who polluted the white walls of the building housing President Roosevelt's personal representative may have been no more insane than the Foreign Minister, who merely used another method of showing his contempt for Uncle Sam. After all, there are different ways of showing one's enmity, hence the man who smeared the walls of the Embassy may have better typified the present-day mentality of Japan than the official representative who used words to indicate his hatred and contempt for a country to which Japan owes her very existence as a modern nation.

Persons who have followed Japan's activities since the beginning of the adventure on the continent in the fall of 1931 probably remember many other instances where Japanese men in high position have declared that their not-so-noble activities resulted from heavenly inspiration and that their purpose was to create a paradise on earth for the unfortunate Chinese people who were being oppressed by their own rulers. One supposedly sensible Japanese general declared in an interview that his object was to convert Manchuria into a "happy, heavenly valley, where the various races of Manchuria—including the Japanese, of course—could live together in peace and friendship.

Therefore the man who used the method described to indicate his feeling of exasperation—or frustration—may not have been so crazy after all, because Matsuoka, the Foreign Minister, had just declared that Japan was not waging an imperialistic war of greed and aggression against China . . . . but, after all, to quote the Minister's exact words as reported by *Domei*, "the fate of China is largely a question of sentiment to Americans, while to us it constitutes a truly vital issue affecting the very existence of our Empire."

A few days previously Mr. Matsuoka asked a skeptical world to wait from 30 to 50 years before passing judgment on Japan's actions.

On the present occasion he declared that there are some people who regard international relations in terms of clashes and not as concord and cooperation. He said that there were many pessimists and alarmists, "who believe in the inevitability of a conflict between the United States and Japan, but that would spell the downfall of mankind . . . . do we not owe it to humanity, both Japan and America to unite our efforts and do our best to avert such an awful calamity."

Matsuoka thought that American participation in the European war, or a "clash" in the Pacific "would precipitate an armageddon that would end in the final destruction of our culture and civilization . . . . I do beseech my American friends to think twice, nay, ten, a hundred, or a thousand times before they take the leap that may prove fatal to all humanity."

But there was a hidden barb in these fine expressions of lofty sentiment, for the Foreign Minister quickly followed with a warning that brought the American Ambassador to his feet with a sharp retort. Matsuoka, after beseeching his American listeners to "think a thousand times before taking a leap that may prove fatal to humanity," declared Japan's intentions to remain loyal to her Axis partners. He declared that Japan's foreign policy in future would revolve about the Axis Pact as its pivot, "as it did around the pivot of the Anglo-Japanese Alliance in the past when the Alliance was in force." Matsuoka declared that his declaration was not to be regarded as a threat, "but as a simple

It Was a Friendly Luncheon, But—

Ambassador Joseph G. Grew (second from right), reminded Yosuke Matsuoka, at a Tokyo luncheon party, that "actions speak louder than words." Mr. Grew's statement was made in reply to Matsuoka's assertion that the Tokyo-Berlin-Rome Axis "was not a threat to the United States." The American Ambassador also refuted Matsuoka's statement that American interest in China "was largely sentimental." The occasion was a luncheon given by the Japan-America Society in honor of Japan's new Ambassador to Washington, Admiral K. Nomura, (standing) whose object is to improve relations with the United States.

truism, made to prevent possible misapprehension." He stated that illusion on an issue like this would bring no good to anyone and disclaimed any intention on the part of Japan of "antagonizing or harboring a hostile attitude toward America by her signature to the Three-Power Pact . . . nothing can be more absurd or untrue . . . . Japan has no desire whatsoever to antagonize America, or for that matter, any nation."

One presumes that the Tokyo Foreign Minister must have suffered a temporary mental lapse after his statement about Japan not wanting to antagonize any nation. He apparently forgot about the war in China! "Japan," he declared, "only wants to maintain and even enhance friendly relations, and her desire is to be left alone to carry out her constructive work."

Why Not Turn Off the Valve?

St. Louis Star-Times

Mr. Matsuoka then referred to the mission of Admiral Nomura, recently appointed Ambassador to the United States as the "one man who was big enough, mentally and physically to shatter any and all possibility or potentiality . . . . of a clash in the Pacific." He thought the Americans would find the Admiral a "true Japanese who has international trust and confidence . . . which the world so badly needs at this moment."

Admiral Nomura, following this declaration, said that he long had been disturbed by the trend of affairs between Japan and the United States . . . . a situation which, in his opinion, might bring about acute tension. He said, "The two countries have no reason to quarrel, but have every reason to remain friends. The islands of the Pacific, he said, "*should not serve as hostile bases,* but as stepping stones of goodwill . . . let us then . . . Japan and America, guard the peace of the Pacific, the only bright light of hope now left to mankind."

DOMEI DIDN'T MENTION GREW'S SPEECH!

The foregoing paragraphs containing quotations from the address of Foreign Minister Matsuoka were based on a report circulated to newspapers in Shanghai by *Domei*, the official Japanese news service. It was significant that the *Domei* report, aside from a very brief reference, made no mention whatever of the statements of the American Ambassador, Joseph G. Grew, on the same occasion, the annual luncheon of the Japan-America Society, held at the Imperial Hotel, Tokyo, on Dec. 19.

According to the *United Press* account, Ambassador Grew, who presided at the luncheon, quickly refuted numerous statements made by Matsuoka. Referring directly to Mr. Matsuoka's statement that the Tokyo-Berlin-Rome Axis was not a belligerent instrument aimed at the United States, Ambassador Grew declared,

"Let us say of nations, as well as individuals 'by their fruits ye shall know them'."

Mr. Grew, in his introductory remarks, nailed the Matsuoka declaration that "after all the fate of China is largely a question of sentiment for America, etc." Mr. Grew declared,

"I am forced to relieve the Foreign Minister of the misapprehension that interests of Americans in China were largely sentimental. I have taken note of the Minister's statement that in Japan's program, 'we shut the door nowhere and to none,' and that Japan will not countenance conquest or oppression. . . . Mr. Matsuoka has lived long enough in the United States to know that the American people are fundamentally peace-minded. But they are firmly determined on certain matters—their obligations and rights. Mr. Matsuoka also knows that with the Americans the only things that count are facts and actions regardless of the persuasive garb in which they may be dressed."

Ambassador Grew's remarks aroused widespread attention because at the previous dinner of the Society, Mr. Grew exploded a bombshell by delivering his famous "straight from the horse's mouth" speech in which he told the Japanese exactly what the Americans really thought of Japan's activities on the Continent. On the present occasion, Mr. Grew referred to Matsuoka's statement that America misunderstood Japan's objectives —"which time would justify," to the following effect:

"There are some points on which we are all in accord—a desire for peace and calm judgment and Admiral Kichisaburo Namura's mission to improve relations between Japan and the United States. Other points are open to controversy, however. I won't deal with these in particular; however, I think I must relieve the Foreign Minister of the misapprehension that interest of the American people in China is largely sentimental."

AXIS BECOMES ACTIVE

Matsuoka's address was delivered on Dec. 19. Two days later, the spokesman of the Berlin Foreign Office issued a warning that the American policy of "pin-pricks," challenges and moral aggression toward Germany had reached a point of "insupportability." Prefacing his remarks with a statement that he was well aware of the seriousness of what he was saying, the Berlin spokesman said, "We are watching with great interest the attitude of the nation which has shown only restraint and friendliness to one warning nation, but whose attitude toward the other has consisted of pin-pricks, challenges, insults and moral aggression which has reached a point of insupportability." The Nazi warning was issued apparently in answer to statements in the London House of Commons by Ronald H. Cross, Minister of Shipping regarding the construction of large numbers of ships in the United States on behalf of Britain and in addition the possibility that many ships tied up in American harbors belonging to Germany and Norway might be turned over to Britain. The Nazi spokesman declared that his Government would regard the taking over of German ships and their sale to Britain as a "serious matter."

The Nazi declaration was, in turn, echoed by an anti-American declaration in Rome, giving the impression that the Tokyo-Rome-Berlin Axis might become more active.

The U. S. Government, in pursuance of its present policy of making no declarations, paid little official attention to the Berlin-Rome statements. However, there were indications in Washington that the Matsuoka statement as well as the declarations in Berlin and Rome had not passed unnoticed. It was reported in Washington that the U. S. Government was studying a plan for licensing imports as well as exports, the object being to provide the Government with another economic weapon which could effectively be employed "if events dictated." Secretary of State Cordell Hull refused to comment on a charge by a Senator that an extension of the licensing system to imports "would be likely to involve the United States in war with Japan."

Prince Konoye Effects Coup in Tokyo Cabinet Change; Fascist Group Rallied to Force "New Structure"

Faced with constantly increasing public opposition to the establishment of Japan's totalitarian "new structure," and apprehensive of the bitter battle looming in the Diet on his all-time record war Budget, Prince Fumimaro Konoye, Japanese Premier, last week took another step along the political trail bludgeoned by his co-leaders in the Rome-Berlin-Tokyo Axis. He effected a coup on the capital. There was no thunder of marching feet to herald Prince Konoye's coup on Tokyo, but to all intents and purposes, after the Japanese cabinet had undergone a drastic purge on December 20, the army fascists were in control.

Prince Konoye purged two members of his cabinet, Mr. Eiji Yesui, Minister of Home Affairs and known as the "people's man" in the Japanese Government, and Mr. Akira Kazami, the Ministry of Justice "strong arm" expert, for whom another post as leader of the powerful and now state-controlled National Service Association had been prepared. Kazami, who was little loved by the Japanese people, was replaced in the Cabinet by Lieutenant-General Heisuke Yanagawa, Director-General of the China Affairs Board. Baron Kiichiro Hiranuma, already in the Cabinet as Minister without Portfolio, was appointed Minister of Home Affairs.

Baron Kiichiro Hiranuma

While the controlled Japanese press was unanimous in hailing Prince Konoye's cabinet purge as an example of the Premier's "bold determination," and paid tribute to the "strengthening of the national unity," observers privileged to think for themselves recognized it at once as the first public sign Premier Konoye has shown that he is more nervous than previously throught possible over domestic unrest and the frequency with which outspoken criticism has been directed against the Government's policy.

Friends Thrown Overboard

As pointed out by Mr. H. O. Thompson, *United Press* correspondent in Tokyo, the Cabinet reshuffle was particularly significant, because Prince Konoye was compelled to retire one of his closest friends in Yasui completely, and relegate another, Kazami, to a position which may, or may not become of importance, according to how the "new structure" fares during the next few months. The full significance of Kazami's future as Chief of the National Service Association, however, does not become clear unless it is considered in relation to another departmental reshuffle.

The day after Konoye's cabinet purge, it was announced in Tokyo that Mr. Shigeru Hazama, Vice-Minister of Home Affairs, had "resigned," and had been replaced by Mr. Gunzo Kayabe, former Chief of the Tokyo Metropolitan Police Board. Mr. Iwao Yamazaki, former Director of the Police Bureau of the Home Ministry, was given the post of Chief of the Metropolitan Police Board. In the Ministry of Justice and Ministry of Home Affairs, therefore, the position is as follows: General Yanagawa an army man, is Minister of Justice; Baron Hiranuma, extreme rightist, is Minister of Home Affairs; a former Chief of the Tokyo Police Board is Vice-Minister of Home Affairs; a former director of the Bureau of Police in the Home Ministry is Chief of the Metropolitan Police Board.

It is obvious that Premier Konoye either of his own desire or by the wishes of his advisers, has placed in a series of key domestic security positions a remarkably well-experienced group of policing experts. Added to this is Kazami's assumption of control over the National Service Association—a body superbly organized to lend itself to the formation of a political police force after it had been purged by Kazami's well-known methods. With a setup such as this, the conclusion begs that not only has Premier Konoye succeeded in a typically totalitarian coup, but that he is also following the example of Mussolini and Hitler is establishing his private *Gestapo* to make quite sure that opposition outside of the Cabinet (it is now certain there will be none within) will be dealt with suitably after the style of his pace-setters in Rome and Berlin.

Lieut.-General Heisuke Yanagawa

Object Lesson No. 1

This conclusion is not far-fetched by any means when it is recalled that despite the severest of oppressive measures there have been outbreaks of unrest among the Japanese people for lesser cause than that now given them by the Government. The timing of the trial of 37 alleged members of the Japanese People's Front, nearly three years after their arrest on charges of violating the Peace Preservation Law coincided with the approach of the Diet crisis so theatrically that it cannot be regarded otherwise than as a warning to possible transgressors.

These unfortunates, who had been released on bail and split into five groups for trial, included writers, university professors and two members of Parliament. They were arrested late in 1937 and in February, 1938, soon after the outbreak of the Sino-Japanese hostilities. On December 18 last, they were finally brought to trial, but two minutes after the trial had opened in Tokyo, the judge abruptly ordered the court cleared—on the grounds that the case was tending to disturb peace and order. It seems clear that either the mills of justice grind exceedingly slowly in Japan, or that the accused group had been held in reserve as Example No. 1 of what happens to opposition to the Government.

Whatever other interpretations may be placed on Prince Konoye's shock tactics in Japanese politics, the Japanese, and the rest of the world, were given a week in which to reflect upon them, Dr. Nobufumi Ito, President of the Cabinet Information Board, told foreign correspondents at Tokyo on December 23. Although rumours were current last Sunday that Prince Konoye might strengthen his cabinet still further by the introduction of General Sadao Araki, ultra-nationalist former War Minister and now Supreme war councillor as Minister without Portfolio in succession to Baron Hiranuma, Dr. Ito told the correspondents that there would be no further cabinet changes this year. What changes the convocation of the Diet last Thursday may bring in 1941 remains to be seen.

Chinese Art Has Been a Major Casualty of the Japanese Occupation

THE expeditions of Dr. Roy Chapman Andrews into Mongolia, resulting in the discovery of various types of fossils of dinosaurs and other extinct gigantic reptiles, constituted the beginning of a long list of explorations of different types conducted by American scientists into various phases of the life, art and archaeology of ancient Asia. The fact that conditions in Europe and the Near East were disturbed after the World War caused American scientists to turn more and more toward China as a field of activity. Conditions were generally favorable here because, with few exceptions, officials of the National Government which came into power in 1927 were enlightened, friendly and generally appreciative of the contributions which American scientists made toward Chinese knowledge of their own country.

This was particularly true of the exploration of Dr. Herrlee Glessner Creel, Instructor in Chinese History and Languages at the University of Chicago, whose book containing an introduction by Carl Whiting Bishop of the Smithsonian Institute at Washington, attracted wide attention. Dr. Creel, who used to be a newspaperman, presented his subject in such an interesting manner that his resulting work, "The Birth of China" (Jonathan Cape, London) was as fascinating as a novel.

One wonders now what the future has in store for American scientists in this field providing the Japanese are permitted to maintain their position of military domination over a considerable portion of the country. It might almost be correct to state that the desire of the Japanese to obtain control of certain Chinese fields of historical research constituted a not insignificant incentive for the Japanese drive into China.

Koki Hirota, a former Japanese Foreign Minister, declared in the Diet (Domei report from Tokyo March 23, 1938) "the Chinese must be made to realize that they are inferior to the Japanese in culture and aims and must follow in the footsteps of the Japanese." Mr. Hirota declared further that cultural undertakings in China would not be neglected by Japan.

The eagerness of the Japanese to explore certain fields of historical research in China was indicated by the fact that expeditions actually entered certain areas while fighting was still in progress. This was true in the case of Anyang (Changte-ho) in Northern Honan where the Creel investigations were conducted four years ago. According to a *Domei* report, an expedition composed of four Japanese anthropologists left Tokyo on a trip to Northern Honan, Hopei, Shansi and Chahar provinces. This group was headed by Prince Kashiwa Oyama and the members planned to spend four months on the tour. Prince Oyama is director of the Institute of Natural Science which bears his name in Tokyo. Another group of scientists described by *Domei* as ethnologists was headed by Professor Nobu Hiro Matsumoto of Keio University. This group planned to make a survey of the country about Hangchow, capital of Chekiang Province, about one-hundred miles southwest of Shanghai. The Oyama group planned to devote its chief attention to the site of the ancient capital of the Chang Dynasty at Anyang, Northern Honan and the Chou Dynasty in the vicinity of Sian, capital of Shensi Province. It probably never reached Sian.

It is impossible to forecast what the Japanese will do with or to Chinese historical relics while the Japanese army is in control. Japanese dealers probably have a greater knowledge of the value of Chinese historical works of art than other peoples. Mr. Creel, in his "Birth of China" tells of collectors who paid $60,000 for one historical relic of the Chang Dynasty. That the Japanese have already acquired vast quantities of Chinese curios, ancient paintings and works of art is generally known because some of these articles have already appeared on the international market. According to a report in a Chinese paper at Shanghai, Chinese curios, old books and paintings valued at many millions of dollars were looted or destroyed in the course of fighting in Kiangsu and Chekiang provinces. This report alleged that Chinese works of art in the Yangtsze Valley and North China which had been looted or destroyed "probably exceeded a billion Chinese dollars in value." Chinese expressed special anxiety regarding vast stores of antiques at Lingyi in Southeastern Shantung which was the scene of a serious battle. The town was noted for its huge Buddhist temples and ancient stone tablets. Visitors from all over the country were attracted by the town's numerous Han Dynasty stone tablets and by the scores of tombs of Lo Chen, famous Tang Dynasty general, located in that city. According to legend, the fear that enemies might desecrate his grave, caused his subordinates to purposely build scores of tombs in the vicinity for the purpose of misleading robbers.

It probably was more than an accident that one of the first Japanese generals to go to Anyang following the occupation of that territory by the Japanese army, was Doihara, popularly known as the Lawrence of Manchuria due to his long residence and political intrigue in this country.

Hangchow, a former rich storehouse of treasures was thoroughly looted by hangers-on of the Japanese Army immediately after its occupation and in spite of efforts on the part of foreign missionaries to save the city's treasures from despoilation. A considerable time before the Japanese army reached the Hangchow district, a delegation of missionaires called on the Japanese commander and tried to arrange for the surrender of the city without a fight. The action was inspired by the desire of both the Chinese and foreigners to preserve the city from destruction such as occurred at Shanghai, Nanking and numerous other cities including Soochow which city also was completely looted. The action of the Japanese army at Hangchow was particularly reprehensible because Japanese commanders definitely promised the missionaries that the city would not be looted and it allegedly was due to the assurances of the foreigners that the Chinese withdrew their troops and did not make a stand in the city. One well known American missionary stated that he saw a line of Japanese trucks manned by men in military garb which was practically a mile long and all of the trucks were completely loaded with materials looted from the shops, private houses and temples of Hangchow. The loot included works of art in bronze and porcelain and in addition, ancient brocades and tapestries, the value of which may only be guessed at. Thousands of wealthy Chinese, for centuries, maintained homes in Hangchow and its vicinity where they were accustomed to reside in the warm season.

In February, 1938 it was announced in Tokyo that the Japanese Army had fostered creation of a "central organ for research in Oriental culture" which was to embrace activities in Manchuria, Mongolia and China. The object was to establish a foundation for cooperation of East-Asiatic races. The institution was known as the East-Asia Cultural Institute. On July 10 of that year there was a further report in Tokyo stating that a movement had been started for "preserving" the valuable relics of the 4000 year old history of China. It said that some action

Shanghai's Trade Trends Determined by Vicissitudes of War and Exchange Markets During Year of Upheavals

BY JOHN AHLERS

Shanghai business trends this year showed more of a common denominator than during the two previous years. The quickly changing aspects of the war out here as well as in Europe and the exchange market's vicissitudes were the chief factors determining local economic and financial developments. In critical periods of the year, speculation in currencies, stocks and commodities overshadowed regular business. A continuous huge supply of idle and cheap foreign and Chinese funds strongly encouraged such speculation, but also eased the severity of the summer and autumn depression. Twice, in May and again in October, Shanghai was in the pangs of wild panic, but local business managed to recover after both crises. At the end of the year, business trends were irregular, with the outlook even for the first few weeks of 1941 completely uncertain.

The tide of the industrial boom carried Shanghai into 1940, and throughout the first four months of the year continued to rise higher and higher. Volume and value of local foreign trade, tonnage of shipping intercourse with foreign ports, production and stocks of commodities expanded vigorously, while the Shanghai Stock Exchange reached unexpected highs. The renewed weakening of Chinese national currency's exchange rates since Chinese New Year, in its earlier stages, encouraged rather than discouraged the boom. The first half of May, however, brought a sudden severe crash in exchange rates, stock exchange and commodity prices, and from one week to another Shanghai found itself the victim of unexpected depression. Industry heavily curtailed production. The summer months, despite an early reaffirmation of Chinese money, were passed under great difficulties. The end of August, at last, brought a favorable reaction, starting with a recovery of rubber shares, followed by general stocks, and later spreading to commodity prices. Surplus stocks began to decrease. The outlook appeared distinctly brighter. When the end of September brought the conclusion of the Tri-Power Pact, followed by the evacuation of American women and children from China and unprecedented fears of imminent Nippon-American war, the local business recovery halted immediately. The scare, however, passed in November and there were indications of another favorable reaction, indicated by better stock prices, though trade continued to decline; but toward the close of the year the pending creation of Wang Ching-wei's own "Central Reserve Bank" and currency discouraged dealing again.

Exchange Plunges Downwards

Shanghai quoted the year's highest exchange rates at its very beginning with 7⅝ American dollar cents for one Chinese dollars. The Hongkong Anglo-Chinese Stabilization Fund for four months fought a desperate battle against a heavy Shanghai import surplus and huge speculative, overbought exchange positions. By the end of April, Shanghai exchange rates had dropped below six U.S. cents, and early in May the then exhausted Fund had to discontinue its intervention. A severe crash brought the rate on New York down to the year's low of 4⅛ U.S. cents. During the remainder of the year, the export season's increased proceeds from commodity shipments abroad, a heavy reduction of imports, and an influx of repatriated Chinese and foreign refugee capital resulted in a recovery of Chinese currency. As early as June, and again in each of the year's last three months, the Chinese dollar made good the May losses and temporarily surpassed once more the U.S.$0.06 mark. Soon after each successive reaffirmation, however, national currency weakened again, until toward the year and a definitely easier trend prevailed.

The Anglo-American Stabilization Fund has not resumed intervention in the Shanghai exchange market, and for all practical purposes may be considered defunct. Half of the U.S.$140,000,000 of new Anglo-Saxon credits and loans promised Free China late in the year is expressly earmarked for assistance in the stabilization of China's currency, but it seems that these funds will be spent in the interest of Free China only, and that not a cent of this money will be fed to the Shanghai market. Shanghai's chief source of foreign exchange, apart from exports, ever since May has been the repatriation of large Chinese capital funds, and the flight to Shanghai from the Sterling Bloc of substantial foreign funds. Shanghai's outstanding freedom of exchange and trade controls encouraged this immigration of capital until, following Japan's recognition of the Nanking Wang Ching-wei regime, the latter began to threaten Shanghai with the enforcement of controls. Some local bankers predict another emigration of capital from Shanghai, a decrease of local liquid capital funds, and a tightening of interest rates next year. Others retain confidence.

New Stock Issues Succeed

The Shanghai Stock Exchange greatly benefitted by the large capital influx into Shanghai. Some new local share issues met with extraordinary success, the record being established by a $2,200,000 new stock issue of Shanghai Worsted Mills, Ltd., which was 40 times oversubscribed to the amount of Ch.$82,000,000. A series of Shanghai stock corporations reported the highest profits and distributed the fattest dividends in their history, both in terms of local currency. The approach of Christmas saw general stock prices average over 30 percent more than at the beginning of the year. But this stock price increase did not yet fully correspond to the extent of the Chinese dollar's 1940 depreciation, and general stocks still quoted some 35 percent below the heights they reached early in May. Rubber shares at the year-end were priced some seven percent below the year's start; despite good returns of many plantation companies, Shanghai stock operators feared that British Malaya and Netherlands Indies exchange controls might obstruct the future transfer of profits to China. Shanghai bond quotations fluctuated within comparatively narrow limits only.

Shanghai's foreign trade reached the peak for the year in April and May when imports and exports temporarily aggregated values of over U.S.$35,000,000 monthly. The import surplus at that time soared as high as close to U.S.$15,000,000, making hopeless the Stabilization Fund's task of defending Chinese currency. In

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was regarded as necessary "in order to prevent the destruction of ancient valuable relics in North China." The heads of the movement included Dr. Chuta Ito of Tokyo Imperial University and Dr. Seiyo Hamada and Hiroshi Ikeuchi of Kyoto Imperial University. The *Domei* report on the subject said that their object was to create an institution for the preservation of Chinese relics. Dr. Ito said that it was incumbent on Japan to make an effort to preserve these relics "even though fighting was still going on." He expressed the view that such an organ would contribute toward the promotion of cooperation between Japanese and Chinese. One wonders whether Professor Ito had the looting of Hangchow, Soochow and Nanking in mind when he made his statement.

Aside from countless objects removed from the country as loot, the Japanese invasion caused large numbers of art pieces to be placed on the market by Chinese owners. The reasons were due to fear of losing the pieces by theft or confiscation, plus the necessity of the owners to obtain funds for living expenses. Curio dealers in Peiping stated that the Japanese for many months were the largest buyers of art objects and curios. Much the same situation prevailed at Shanghai, where the shops for a considerable period were filled with rare pieces. Large numbers of shops, formerly established in Peiping, were forced to move away and chose Shanghai as a new location. As a result some sections of downtown Shanghai have become centers for dealers in ancient objects of art, but while they have more freedom here, they are under the fatal handicap of being unable to obtain stocks to replenish their shelves and show-cases.

November, 1940, the adverse trade balance decreased to U.S.$1,200,000, easily supplied by the excess of capital imports over capital exports, but November trade values were the lowest for the year. Imports during that month were valued at but one-third of the April and May imports while exports did not surpass U.S.$7,000,000; the total of Shanghai's November foreign trade aggregated but U.S.$15,600,000. Exports sharply decreased in December, when the Japanese banned silk exports in order to boost their own shipments of this commodity, while December imports picked up in anticipation of smaller inland supplies of cotton, rice and coal than earlier anticipated. The import surplus correspondingly increased and resulted in heavier merchant demand of foreign exchange. The usually heaviest Shanghai import surplus months are just ahead, already casting their shadow on an easier exchange market.

Shanghai shipping throughout the year's first eight months was maintained at a high level but during the fall period dropped off considerably when both the Japanese and the British suffered from increasing shortage of shipping space, and had to curtail Shanghai runs. The tonnage of vessels which entered and cleared Shanghai during November, 1940, aggregated but 900,000 tons, or 30 percent below the August, 1940, tonnage, and 40 percent below that of August 1939, the last month prior to the outbreak of the European war. Shanghai shipping, dockyard and wharf companies for the greater part of the year did very satisfactory business, But business fell off in the past few months, so that it becomes difficult to look with optimism into the immediate future of Shanghai shipping, Mr. F. A. Pollock, Chairman of Shanghai Dockyards, this month told shareholders of his company at their annual general meeting. The tightened Japanese naval blockade of the South China coast, the extension of foreign trade control in North China, and Japan's complete default of her year-old promise to reopen the Yangtze River also unfavorably affected coastal shipping.

Early Industrial Boom

Most local industries during the first half of 1940 were employed at full capacity, with the all-important cotton industry working in three shifts night and day. The depression however, compelled Japanese and British cotton mills to curtail production by from 30 to 50 percent; flour mills cut their output by half; and numerous miscellaneous industries had to decrease their activities equally. Industrial sales of electric power late in the year were off almost 25 percent as compared with April and May. All industries suffered considerably from the loss of much of their Free China market due to Japan's penetration of French Indo-China, while in the markets of the Japanese-occupied interior Shanghai-made non-Japanese goods also encountered ever increasing difficulties.

For the millions of Shanghai's poor Chinese, the year 1940 was the worst they have experienced for decades. Living costs soared relentlessly especially during latter part of the year when the price of rice passed Ch.$100 per picul. Wages and salaries in terms of Chinese national currency were increased, but these increases lagged far behind the rise in living costs, so that real income and living standard of the bulk of Shanghai's population suffered a further sharp reduction. Undoubtedly, hundreds of thousands of Shanghai laborers despite working 13 hours a day are living on the very edge of starvation. Labor unrest naturally increased as the year went on, though in numerous instances of strikes in Western-owned enterprises this unrest was politically exploited by the Japanese as well as the Wang Ching-wei reigme.

Japan's hold on Shanghai business in 1940 increased indirectly through the agency of manifold new import and export permit systems and similar controls enforced by the Japanese on economic intercourse between Shanghai and the city's hinterland. Yet economically and financially weakened, Japan was unable to make further progress in free competition with Chinese and Westerners in regular business in the Settlement South of Soochow Creek and the French Concession. The Anglo-Saxon powers during most of the year accounted for two-thirds of Shanghai's foreign trade. Japanese industrial expansion came to a halt here, especially after the start of the depression. Japanese banking equally was unable to progress, except by means of compelling exporters of interior produce to sell to Japanese financial institutions their foreign exchange proceeds. In the field of shipping only, the withdrawal of British bottoms from the Shanghai run enabled the Japanese to seize first place in the local maritime traffic.

Incredible Generosity of Ambassador Tang Leang-li

MR. Tang Leang-li, Ambassador on Special Assignment and concurrently Director-General of the International Publicity Board of the Nanking regime, on December 18 made an eloquent defense of the Wang-Abe pact signed in Nanking on November 30. Mr. Tang waxed eloquent through *Domei*, the Japanese propaganda agency, to the extent of about two columns of newsprint, on the benefits that were bestowed on his fellow-countrymen by the treachery committed that last day of November in Nanking, but plucked of its fine feathers, the scrawny carcass of his plaint amounts to three points barely worthy of comment.

These three points were the question of recognition of Wang Ching-wei's regime, recognition of Manchukuo and the general terms of the agreement. Mr. Tang also introduced a trifle of extraneous nonsense suggesting the relinquishment of extrality rights and the rendition of foreign concessions, questions about which neither Mr. Tang nor Mr. Wang need be concerned.

Since the individual questions of the recognition of Manchukuo and the Nanking regime involve the same principles—or lack of principles in their recognition—they may be treated as one. Defending Wang Ching-wei's recognition of Manchukuo, Tang Leang-li last Thursday said:

> "Such recognition of the independence of a daughter country is no new thing in history. Holland had to recognize the independence of Belgium; England the independence of the United States.....
>
> "The treaty recognized Manchukuo, but that is a step Chungking has been prepared to take for some time. Even Chiang Kai-shek has been unable to ignore the realities of the situation there.....
>
> "By refusing to co-operate with President Wang Ching-wei in bringing about speedy peace, General Chiang Kai-shek is only prolonging the miseries and disasters of war."

Those were the words uttered by Mr. Tang Leang-li last Thursday week, taken from the text of his lengthy exposition and reproduced without alteration. Also reproduced without alteration is this passage taken from the text of a volume entitled "The Puppet State of Manchukuo," (China Today Series, No. 4), edited by Mr. Tang Leang-li, and published in 1935:

> "Although the whole world is out of sympathy with her at present, it is nevertheless Japan's hope that, in time, the international existence of Manchukuo will come to be accepted throughout the world as inevitable, that the present opposition will wear itself out, *that bribes and lavish promises of economic advantages on the one hand, and secret pressure (directly and indirectly applied) on the other, will foster sympathy for the recognition move, and that* de facto *recognition will be eventually accorded, to be followed by* de jure *recognition in due course.*
>
> "It is essential, however, in the interests of international security and good faith, that Japan's hope should not be realized, *however long she may be content to await its fruition.* After the demonstration of aggression and callous disregard for treaty covenants to which the world has been treated since September 18, 1931, it would be dangerous in the extreme for any nation to turn a blind eye to the Manchurian situation, or in the smallest degree connive at Japan's lawlessness. It is essential that wars of aggression, renounced in solemn and unequivocal terms in treaties, should have no place in the intercourse of civilized nations. It is essential that a powerful nation shall be bound by international law as a weaker one — indeed, even more so, since it cannot be coerced into obedience. It is essential that a puissant state shall recognize the sovereign rights

of a weaker neighbour over its territories, instead of sending its armed hordes to pillage and burn, and commit wholesale devastation, murder and all the other horrors of war. In short, it is essential that nations, no less than individuals, should be amenable to Law.

"However much certain interested parties may wish to believe in their ability to make profit out of official recognition of the puppet regime—a fact they have been left to expect by the promises of Japanese diplomats and other propagandists—they certainly cannot close their eyes to the implications of such recognition. Such a step will mean that the recognizing state approves and condones Japan's violations of China's sovereignty, and Japan's violations of obligations under treaties and international law; that it identifies itself with Japan's dishonor; and that it becomes the latter's accomplice."

Also: "Mr. Wang Ching-wei has voiced the attitude of the Chinese Government towards the puppet regime in his declaration of March 1, 1934, when he characterized Pu Yi's assumption of the Imperial title as an act of high treason against the Chinese Republic, and that *China would take an inflexible stand against any step implying or savouring of recognition of Manchukuo.*"

In the same volume, Mr. Tang states: "Japan has added to her injury of international peace an insult to the collective intelligence of the world by alleging its inability to appreciate the Manchurian situation. Failing in law and in reason, she would constitute herself the best and sole judge! By her intransigeance she has aligned against herself the moral judgment of civilization, but thinks she can use her might to crash into the good graces of the world again. Whether she is right or wrong in this belief, only time can tell. But one fact stands out clearly. By its decision to give or withhold recognition of Manchukuo every nation will be judged. Despite the failure of the first test of loyalty to their bonds, China's faith in the general goodwill of the nations remains unshaken. It will take another catastrophe to make her confess a cynicism which leaves no room for trust in another nations's regard for its own reputation."

None questions the right of mortal man to change his mind within the limits, and still less should this privilege be denied the puppet diplomat, ardent is his agile opportunism to make the most of what is going; his crumbs from the master's table depend on his ability to anticipate where they are most likely to fall, and though retrieving the crumbs may require some grovelling —well, to a lickspittle, a crumb's a crumb after all. And even though it must be admitted that Mr. Tang last Thursday week stretched to the limits man's right to change his mind, he must have reaped a harvest of crumbs; so much so that the man who edited the foregoing bitter condemnation of the "dishonored" Japanese he now defends, found it in his black heart to heap servile praise on them for their "incredible generosity" in dealing with the Nanking regime. The "incredible generosity," with accent on the "incredibility," appears, rather, to have been on the part of Ambassador Tang.

Shanghai as a City of Refugees Depicted in New Book

Shanghai, City of Refuge, is the title of an interesting book just placed on sale in local book stores. The book deals largely with the problem of the Jewish refugees in Hongkew, but contains much historical material dealing with other refugees, including the Russians, who came here after the Soviet Revolution in 1917. It also deals with other groups, including Chinese and Europeans, who have found the Shanghai settlements a haven of refuge in time of need dating back almost to the establishment of the foreign-administered areas in the middle of the past century. For example, the first refugees to enter the Settlement were Chinese, tens of thousands of them, who fled from the terrors of the Taiping Rebellion.

It should interest Shanghai residents that there are in Shanghai today large numbers of refugees, aside from the Jews from Germany and Austria. Practically every country which Hitler has upset has sent its quota of refugees to Shanghai.

On the question of the Jewish refugees, the book discloses for the first time the human element of the refugee camps—with numerous illustrations—how they live, their recreations, trials and tribulations and hopes for the future.

The chapter headings indicate the contents of the book, "Shanghai—City of Refuge," "Wandering Jews," "Shanghai—The Only Place to Land," "Relief from Nazi Persecution," "Psychology of Newcomers," "Shanghai Committees and Their Manifold Activities," "Proposed Settlements." Illustrations range from pictures of Hongkew "Camps," to kindergartens, recreations, plays, hospital facilities, kitchens and dining rooms—where refugees receive one meal a day at a cost of about 30-cents in Shanghai currency, or about 2-cents in U. S.

The book, with illustrations, has about 40 pages, with imitation leather covers and jacket illustrated with a new picture of the Shanghai Bund. It was edited by Miss Anna Ginsbourg and was published by *The China Weekly Review*. Selling price of the book is Ch.$7.

"DO YOU REALLY THINK WE SHOULD GO SOUTH FOR THE WINTER, HERMAN?"

—S. J. Ray in *Kansas City Star*, Oct. 4.

BARBECUE

—Ruhe Goldberg in *New York Sun*, Sept. 28.

THE WORLD OF TOMORROW

—D. R. Fitzpatrick in *St. Louis Post Dispatch*, Sept. 21.

Wrath of the Gods

Chicago Daily News

Jack And Jill

Chicago Daily News

"Bombing on the Yangtsze"

Woodcut by artist, C. J. Shih, depicts Chinese airplanes bombing Japanese gunboats on the Yangtsze—of which several have been sunk, according to Chinese reports.

Turkish Blend

New Orleans Tribune

Not So Simple After All!

Punch

"Surely it is pretty simple! You multiply your gains by ten and divide your losses by twenty."

"Success Awaits You"

Wilmington, Del, News

It May Freeze Over

Walker in South Wales Echo

Plucked!

Daily Mirror, London

Sparrow: "He's not moulting—he's been plucked."

Eastern Mediterranean

Daily Herald, London

More Delay

Star-Times, St. Louis

Harvesting the Luftwaffe

Low in the New York Times

Hitler's Race Against Time

New York Times

"One Every Two Days"

Giant 4-engined "Flying Fortresses" are now being turned out at the Boeing plant at Seattle at the rate of one complete plane every other day. These giants have a top speed of more than 300 miles an hour and a cruising range of 4,000 miles. These planes are being produced under the U. S. National Defense program and are the property of the U. S. Army Air Corps.

"Holding a Trump?"

Milwaukee Journal

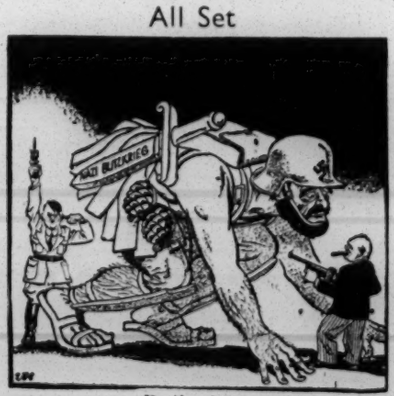
Draft Somewhere

N. Y. Times

Exiled

Rochester Times-Union

All Set



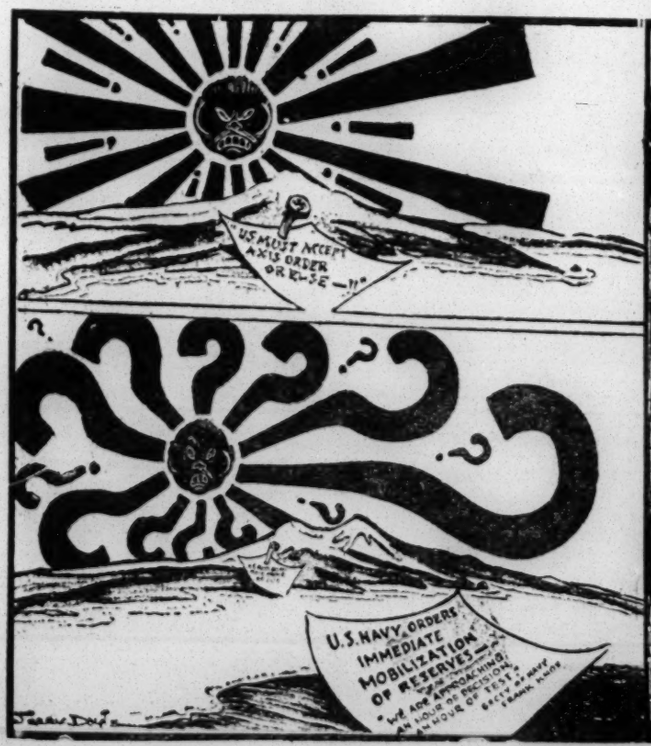
Daily Mirror, London

Gulliver in Guerilla Land

The Big Battle

Orr in The Chicago Tribune

Two Faces East



Philadelphia Record

"What a Big Man I Am"

New York Times

Hongkong Glitters on the Surface, but Grim Defense Work Goes on Behind Curtain of Official Secrecy

(SPECIAL CORRESPONDENCE)

To a transient observer, wartime Hongkong appears little war-conscious. But for the din raised by the digging of air raid shelters and the presence of sandbags around government buildings, the Colony presents a singularly "peaceful" appearance. The only serious reminder of the existence of war and a potentially ominous future for the port is the holding of "black-out" practice at times.

The appearances, of course, are misleading. Actually, the authorities have been busy, perfecting defense preparations for coping with any emergency that may arise. As pointed out by Earnest O. Hauser in his article in **Asia**, the island bristles with fortifications. The entire Colony is divided into several defense areas manned by troops and volunteers. Many regions in the hills are declared "military zones" and forbidden civilian approach. Air defense seems to have been given special attention, as indicated by the building of dug-outs and the daily reconaissance flights of aircraft. If a crisis should descend on Hongkong, it can be assumed that the port will not be caught by surprise but how long it can hold out is a debatable question.

Hongkong as it is stands a tribute to British enterprise and Chinese labor. Literally carved out of the rocks, the port represents a remarkable engineering achievent, considering the rugged topography of the island. Hongkong's waterfront presents an impressive view, and its night scene is quite a colorful spectacle, with the hills illuminated by lights. Its natural scenery is superb. The hills, the valleys and the fine harbor combine to give the port a unique picturesque background unexcelled in many parts of China.

Collectively, Hongkong island, the Kowloon peninsula and the New Territories are known, according to **The China Year Book**, as the Colony," with a total area of about 390 square miles. Hongkong itself consists of an irregular ridge of lofty hills rising to a height of 2,000 feet above the sea level. Eleven miles long and two to five miles in breadth, the island has a circumference of 27 miles and an area of 32 square miles. Comparatively, Kowloon and the New Territories are country, although the border regions are quite hilly.

Communications Developed

Despite the rugged terrain of the Colony, communications are extensively developed. There are 371 miles of roads, of which 173 are in Hongkong, 106 in Kowloon and 92 in the Territories. Many of the roads were built by cutting through the rocks and represent considerable expense in money and labor. Motor traffic is particularly well developed, with a wide network of bus services linking all parts of the Colony. Communication between Hongkong and Kowloon is maintained by a number of ferries, the distance being usually negotiated in seven to twelve minutes. Ricshaws are fast becoming an anachronism and are likely soon to be eliminated. Sedan-chairs are few. They find little favor with the general public, though some persons prefer these ancient vehicles to modern automobiles in ascending the hills.

Normally, Hongkong's population falls below 1,000,000, but it has been greatly increased since the start of Japan's war in China. The overwhelming influx of refugees from Kwangtung and other parts of China at one time in 1939 sent the Colony's population up to the record figure of over 1,500,000. In spite of the recent evacuation of European women and children, the present population still totals some 1,200,000. Overpopulation has created complex problems of food, sanitation and defense, which led to the recent introduction of the Immigration Control Ordinance. **(Review, December 21, 1940).**

Little Man—Big Job !

New York Post

Despite its status as a British Colony, Hongkong is predominantly Chinese, who constitute nearly 98 per cent of its population. With the exception of the foreign firms, a few Indian and Japanese stores, the entire retail business is in Chinese hands. Although English is generally understood, Cantonese is the prevailing dialect. Following the influx of refugees from many parts of China, Shanghai dialect and Mandarin are rapidly acquiring popularity and are frequently in use.

Living Costs Soar

Abnormal conditions produce abnormal phenomena. So, pre-war Hongkong and wartime Hongkong present striking differences, the most noticeable being overpopulation accompanied by the rising cost of living, enforcement of wartime defense measures, sudden increase in the number of newspapers and schools, and abnormal development of retail businesses.

The rising cost of living merits special attention, as it affects nearly 90 per cent of the Chinese population. In terms of food, housing and clothing, the cost has risen 41 per cent. as compared with last year, and more than 100 per cent compared with the pre-war days. Hongkong never has been self sufficient in food supplies which normally come from Kwangtung, Indo-China and Siam. The Japanese occupation of coastal Kwangtung and the present crisis in Indo-China are vitally affecting the food situation in Hongkong. A shortage of supplies naturally results in soaring prices.

Rice is now quoted at HK$17 per picul as compared with its pre-war cost of $7 to $8. The housing situation has improved somewhat lately following the compulsory evacuation of European women and children, but still rents represents a rise of from 50 to 100 per cent, varying according to localities. The cost of clothing also has gone up considerably, but this does not affect the majority of the population as seriously as food, for to the poor dressing is never much a problem.

The mounting cost of living is responsible for the prevailing crime situation in Hongkong. Prisons are overflowing with inmates, many of whom have been deported, while the press carries almost daily reports of armed robberies, burglaries, snatching and thievery. So far no case of kidnapping, however, has been reported. Hongkong has a large refugee population, the size of which is variable month from month and unascertainable. The refugee camps maintained by the Hongkong Government alone were caring for more than 10,000 at the end of October.

Defense Precautions

Defence measures undertaken naturally are scrupulously guarded from the public, but the construction of air raid shelters is an "open secret." The Hongkong Legislative Council, has approved an appropriation of $1,000,000 to finance the building of 60 shelters within a period of eight months. At present, 16 shelters are under construction, the largest of which, it is said, can accommodate 5,000 persons. For the purpose of studying the system of "bomb-proof" tunnels in Chungking, Wing-Commander A. R. Steele-Perkins, Director of Air Raid Precautions in Hongkong, made a special trip to China's wartime capital last October.

The most beneficial effect of the Sino-Japanese war on Hongkong is the elevation of its cultural level due to the presence of many "refugee" Chinese newspapers and schools. Some leading Chinese journals driven from coastal China have resumed publication in Hongkong and several new ones have been started. which together with the schools combine to exercise a fertilizing influence on Hongkong's business-minded population. Some of the new schools, it is charged, savor of commercialization, but generally, education is properly conducted.

Though Hongkong's foreign trade has shrunk considerably, the large influx of Chinese has brought a boom to its retail and consumption businesses. To all apperances, wartime Hongkong prospers and the two main thoroughfares, Des Voeux Road and Queen's Road, are lined daily with endless throngs of people. Shops and stores, one and all, are doing brisk business. The cafes of Hongkong's two swanky hotels, the Gloucester and Hongkong Hotel, are packed during tiffin hour and especially at tea time.

(Continued on page 130)

Burma Road "Bottleneck" Delays Development of New Credits to China; Many Improvements Needed in Administration

BY HUGH DEANE

Chungking (By Mail)—The Chinese press and most of the officials are naturally jubilant about the U.S.$110,000,000 recently made available by Britain and America for the purchase of military and industrial supplies, but a few realistic officials will openly state that China is going to have to rack her brains to find a way of utilizing them.

The fact is, China has not yet exhausted previous credit loans. China has plenty of credit, but she lacks the means of transportation necessary to import the goods which her credit enables her to buy.

The Burma Road, China's so-called lifeline, is a bottleneck. The bottle is empty—it is the vast need of west China for commodities of all sorts. And outside are the supplies and the money to buy them. But under present conditions supplies cannot be brought in at a rate proportionate to the amount of foreign exchange China has to spend.

At present between three and four thousand tons of goods are coming in monthly over the Burma road—a few drops in a very large bottle.

The Japanese are not chiefly responsible for the lightness of this traffic. Though they have hit two bridges, traffic was halted only for a short time. The 80-meter Salween bridge was bombed twice. The destruction caused by the first bombing was repaired in a day; that of the second took a week. Now empty trucks can cross it slowly. Cargo is carried across. According to George Wang of the **United Press**, the Mekong river bridge, now that it has been repaired, is as strong "as a single piece of steel".

Many Problems Faced

The real difficulties are: (1) lack of trucks and gasoline, (2) lack of personnel, (3) inadequate repair facilities and lack of spare parts, and (4) poor coordination between the various transport organizations.

About 1000 trucks are available for operation between Kunming and Wanting on the Burma border, but many are not operating. At Wanting cargoes are transferred from trucks belonging to a Burmese commercial firm. This firm operates 250 trucks. As the trip from Lashio requires only one and a half days, while the trip from Wanting to Kunming takes five days, goods are piled up in Wanting, despite the smaller number of Burmese trucks. In Wanting Chinese trucks can be loaded without delay.

Chinese exports are not flowing in a continuous stream. Many trucks are going to Wanting empty. Tungsten comes all the way from Hunan and Kiangsi, and tung oil from Szechuan. Supplies cannot be sufficiently concentrated in Kunming to insure a steady outflow.

Exports, however, are more than enough to pay for the trickle of imports. According to figures of the Chinese Maritime Customs, unoccupied China exported $130,539,000 worth of goods during the first nine months of this year, importing meanwhile $46,292,000. The reopening of the Burma road will doubtless increase imports, but nevertheless China is apt to find herself paying commodities for her new loans before she receives them!

Potential Capacity

The potential capacity of the Burma road, in terms of the availability of trucks and gasoline, is between six and seven thousand tons per month. That only three or four thousand tons are being brought in can be attributed to bombings, the usual seasonal rains, and poor organization. For the first time, however, the road is being kept open during the rainy season. Severe landslides, especially between Shiakuan and Paoshan in the middle section of the road, are a great handicap.

The real problem, however, is the vicious circle of trucks and gasoline. Gasoline is difficult to export and requires much truck tonnage. The distribution of the gas, moreover, after it has been imported, is inefficient, chiefly because it is not handled by a central organization. Many of the trucks are not being operated because of lack of gas. At the same time the only way to bring in enough gas to run the trucks is by truck. Gas is insufficient to run the trucks; trucks are too few to bring in the gas. Thus the development of the freiht capacity of the Burma road requires precise planning and rational organization. The expenditure of a large part of the American tion for shing, new American trucks is futile, unless some way is found to augment the normal supply or gasoline.

Chinese transport officials admit that many problems must be solved before the freight capacity of the Burma road is developed to meet the increased demand placed on it by the American loan. They say that a plan is being worked out. For the moment, the government will concentrate on the import of military supplies, and let other commolities come in as best they can.

Trained Men Needed

Personnel is an important problem. Southwest China has 20,000 registered truck drivers, but only 2000 mechanics. Only a small percentage of the 20,000 drivers are capable. Though training schools have been established and efforts made to lure young men from Shanghai and the coastal areas, it is difficult to find drivers who are efficient and honest. Most of the drivers squeeze on the gas, selling it to the drivers of commercial trucks. They coast downhill, against regulations, to save gas, thereby endangering their lives and cargo and shortening the life of the truck. The official price for gasoline is $24 per gallon; the truck drivers sell it for $15. The drivers say that their pay is so low that they are forced to make something on the side. Trans-officials claim, however, that a "good, honest" driver can make $300 a month. Drivers who operate without an accident and who take good care of their trucks are given a bonus.

Inadequate repair facilities and lack of spare parts keep many trucks from operating. Many repair stations have been established, but few are well enough equipped to handle serious breakdowns. Too many stations have been set up by too many organizations, and what little equipment there is has been inefficiently scattered among them.

(Continued on page 139)

Burma-Yunnan Railway Urged in Commons

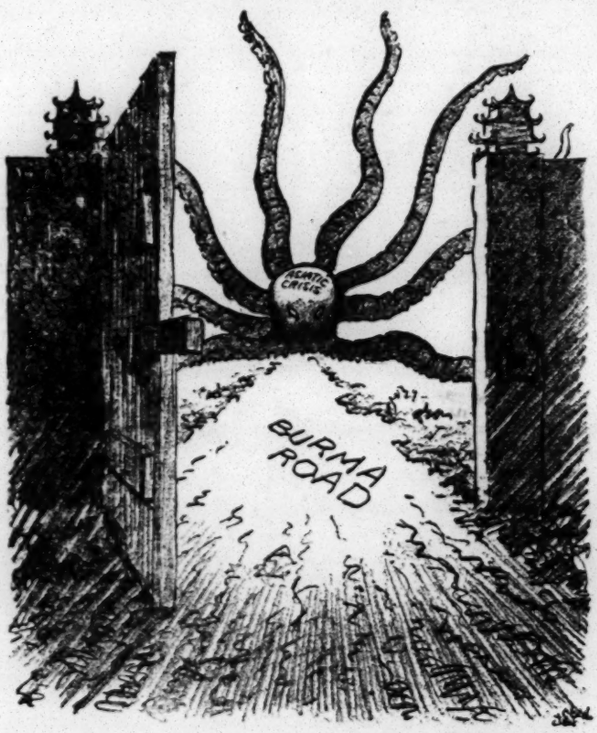
At question time in the House of Commons last Saturday, Mr. Robert H. Morgan, Member for the Stourbridges Division of Worcestershire, suggested that in view of its extreme importance to British trade, the Secretary of State should discuss with the Burmese Government the desirability of preparing at least the earthworks of a railway extending from Lashio to the Burmese frontier to link up with the Chinese railway to Yunnan.

In his reply, reports Reuter's London correspondent, Mr. Amery stated that he was informed that although the Chinese authorities had completed the survey for a railway up to the Burmese frontier; the actual work of construction in China was still still some hundreds of miles short of the frontier.

The construction required in Burma would not merely be a question of simple earthwork but would consist of over 100 miles of engineering work through mountainous country, including a major bridge of over 500-feet span over the Salween River, the Minister added.

Mr. Amery concluded by saying that the difficult questions involved in the problem of railway conection between Burma and China were now under consideration.

Rising Sun Over Burma Road



Chicago Daily News

China Faces Coming Year With Political Atmosphere Cleared By Drastic Changes Over Last Twelve Months

Through the elementary process of elimination of the unfit China's political world faces the coming year with confidence born of knowledge that adversity has delivered it of most of its weakest members. As with any natural process accelerated by unnatural agencies, the elimination of China's rotten wood was no peaceful development, and last year the nation witnessed perhaps the most drastic upheavals and changes since the first shot of the Sino-Japanese hostilities was fired at Lukouchiao on July 7, 1937, the swiftly unfolding political drama culminating in the grand finale of the Wang-Abe pact at Nanking on November 30.

It was typical of the new spirit of unity in China that although these cataclysmic changes took place in a period as critical as any in the modern history of the country, when one after another the lights of democracy were being snuffed by totalitarian aggression in Europe, and while economic chaos was rampant the world over, China remained undaunted and unshaken in her determination to fight it out with Japan to the bitter end. The spirit of resistance evident in China during those difficult twelve months was equalled only by the magnificent courage of Londoners under stress of which Chungking has only too bitter knowledge. Both have won the admiration of the civilized world, and it is by their efforts that democracy still survives, though yet beseiged.

Japaese militarists, it goes without saying, played the cardinal role behind the various **pseudo** governments created by them during 1940 as their main weapon in efforts to liquidate as swiftly as possible the "China Incident." Their first major political offensive was launched early in the spring of 1940, with the naming of Wang Ching-wei as president of the Nanking government—a maneuver, it will be recalled which again and again previously had been thwarted by Wang's puppet seniors in Peiping and Nanking, and was not finally realized until March 30. Wang Ching-wei at that time grandiloquently described his bizarre circus at Nanking as the "return of the National Government to Nanking;" the National Government at Chungking, by which he has been outlawed, with a price on his head, he referred to as a "regional refugee regime."

Diplomatic Squib

The formation of the Wang administration, however, created no commotion in the diplomatic world, in which it was lightly regarded as Japanese routine military procedure and as a logical sequence to the failure of the previously appointed Peiping and Nanking regimes. The establishing of Wang Ching-wei as Japanese puppet No. 1, moreover, turned out to be something of a squib by comparison with the bombshell burst by two of Wan's defecting followers, Tao Hsi-shen and Kao Tsung-wu, who exposed the details of a secret agreement between Wang and the Japanese, naming the price Wang (and China) was to pay for his brash assumption of authority. The revelation was a sensation, as the terms were so extensive in scope and so drastic in character, that they reduced China to the status of a colony.

It was believed then, and seems more probable than ever now, that the exposure of the terms of this secret agreement forced the Japanese to delay formal recognition of the Wang regime. It was obvious that the Japanese must have found Wang too "hot" for circulation at the time, for without further ceremony, the Nanking government was put on ice to cool off for the next eight months, Tokyo meanwhile despatching General Nobuyuki Abe, one-time Japanese Premier, to Nanking to keep it out of mischief.

Soon after his arrival at the former capital in the role of Japanese Envoy Extraordinary and Ambassador Plenipotentiary to Nanking, General Abe began a series of conferences with Wang, the meetings resulting on August 31 in the production of a treaty for the "final readjustment of basic relations between Japan and China."

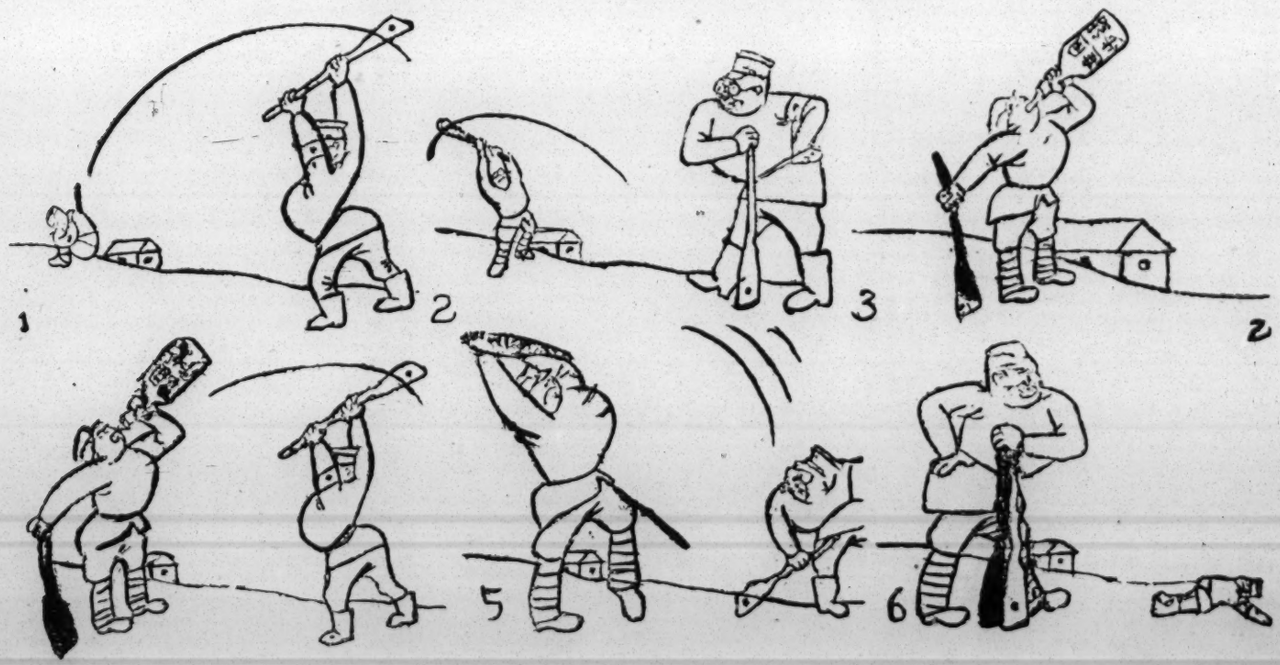
Unexpected Reaction

The narration initially of the Wang-Abe proceedings in a review of China's political year may appear to be putting the cart before the horse, but actually that is not the case, for the true significance of the absurdities enacted in Nanking on November 30 do not lie in the formal acceptance by Japan of Wang as the chosen leader of his people. The true significance of the Wang-Abe treaty lies in the fact that reaction in Britain and the United States was expressed so violently material that it resulted in a complete charge of outlook to Free China then justificably pessimistic by the preceding trend of events.

On the day the treaty was signed, the United States extended credits of US$50,000,000, while within the week Chungking was informed that Great Britain had made available credits of £10,000,000, slightly less than America's loan. Rumors persisted, also, but could not be confirmed from reliable sources, that Soviet Russia was arranging large credits for China and was considering ways and means of increasing the flow of war materials over the north-west route. Without waiting to be asked, all three, the United Saes, Britain and Soviet Russia announced that their China policy was unchanged and that they recognized only the National Government under Generalissimo Chiang Kai-shek at Chungking.

These reassuring gestures from the world's pro-China powers came after a series of diplomatic setbacks to Chungking—most of them due, it is true, to circumstances outside of the control of any of the parties involved. Her darkest moments began with the capitulation of France and the subsequent in-

Animated Movie—China Takes the Offensive



Mass Weekly

1—Japan begins the attack. 2—China repulses Japan. 3-4—China takes a drink of "Unity — Resistance — Progress." 5—China gains renewed strength. 6—China slays the agressor and wins the war. Chungking Cartoon.

vasion of Indo-China by the Japanese. This resulted in the closure of the Indo-China railway, the main transportation route from the outside world to Free China, and worse still, in the establishment of Japanese airdromes in Indo-China at points from which bombing forays into Yunnan were made the more easy.

Britain's Submission

Having established themselves in Indo-China, the next step taken by the Japanese was to bring powerful pressure to bear on Britain, which, fully preoccupied with her own life and death battle against Hitler's hordes, was compelled to capitulate at least temporarily and submit to the closure of the Burma Road, thus leaving China only one outlet—the northwest route from Russia.

In the face of adversity, China stubbornly struggled on in the firm belief that time, as well as right was on her side. The showdown was not long in coming, for no sooner had Britain found her feet at home, than she joined with the United States in a simultaneous declaration of Far Eastern policy, and at the expiration of the Tokyo-Cragie agreement, she flung open the Burma Road, just three months after it had been closed. Taking parallel action, Russia again made a gesture of friendship to China by the purchase of $100,000,000 worth of tea against the delivery of war materials. The last chapter of China's foreign diplomatic records in 1940 closed with a hectic climax.

Internally, China was able to write off a fairly satisfactory account of increasing unity and, despite widespread disorganization arising out of general war conditions, she had been able to make progress with the reorienting of domestic economy.

Lung Yun Stands Firm

The most outstanding success in Generalissimo Chiang's efforts to maintain an unbroken front in China, and conversely the most dismal failure in Japan's efforts to wreck Chinese unity, was the solid refusal of General Lung Yun to succumb to the advances of the invader and (under Japanese protection, of course), bring into being an autonomous state of Yunnan. One of the most cleverly conceived political offensives carried out by the Japanese since the defection of Wang Ching-wei was directed at General Lung Yun throughout September and half of October, and had it succeeded, there is no doubt that the consequences to China must have been grave.

Throughout the whole of this period, during which China had her back to the wall as never before, it was conceded by observers of every nationality that General Lung Yun stood between the Japanese and Chungking. Regarded as a "dictator" of the province by a people who fear him as much as they admire him, Lung Yun's word would have opened the way to Chungking at any time, and with this prize dangling before their eyes, it needs little imagination to calculate the artifice employed by the Japanese.

General Lung Yun, however, stood firm, and whatever other intentions may have been behind the withdrawal of the Japanese from Kwangsi early in November, there is no doubt that by that time they had been convinced of the futility of further efforts in the way of military, economic or political pressure on the soldier-governor of Yunnan.

National Reorganization

In spite of the constantly growing demands of the war on the time of the nation's leaderrs, legislation was effected during 1940 on a number of outstanding issues, and much of it was put into effect with remarkably little delay. The most significant events in this connection were the Seventh Plenary Session of the Central Executive Committeee at Chungking early in July, and the meeting of the Fifth People's Political Council, also in the war capital, in April. Decisions reached at both of these meetings had an important effect on the domestic and foreign policy of China.

The Seventh Plenary Session of the Central Executive Committee of Kuomintang concluded its deliberations in Chungking on July 12. General Chiang Kai-shek, General executive of the Kuomintang, presided over eight important meetings during the session, which was attended by 142 members. The session adopted a total of 62 resolutions, and decided to establish a women's department, a Ministry of Economic Warfare, a Wartime Economic Council and a Central Planning Bureau to make and approve plans for national, political and economic reconstruction. In a manifesto issued during the session, emphasis was laid on the vital relationship between China's military resistance and the maintenance of world peace.

The People's Political Council, which has contributed much toward China's internal solidarity and the prosecution of the war, held its fifth session in Chungking on April 1. The Chinese Constitution formed the chief subject of discussion, in view of the effective functioning of the Council for the past two years, the Statutes of the Council were revised by the standing committee of the Kuomintang Central Executive Committee in order to enlarge and endow it with greater powers. Accordin to its revised statute, the People's Political Council after its reorganization will have 220 members instead of 200. It will be empowered not only to deliberate but also to pass resolutions on all important measures proposed by the government concerning either domestic or foreign affairs.

Chinese regional organizations also underwent a series of gradual reformations last year, as test and trial methods proved to be the most efficient in moulding a full-fleged united national structure for the successful prosecution of war. Efforts along these lines could be seen in the Government mandates which ordered the reorganization of some of the provincial governments, notably the provincial governments in the four North-Eastern provinces. These reorganizations had one object in common, namely, to devote particular personalities to the specific lines of business. Under such reorganization procedure, the co-operation between the local governments and their people both politically and militarily are expected to be more facilitated and intensified.

Throughout the period under review, there were periodic waves of Japanese "peace offensives," countered by corresponding and emphatic denials from Chungking. The "peace" rumors emanated from Japan as well as her Axis partners. The "final effort" of the Japanese Government to enter into direct negotiations with General Chiang Kai-shek was on the eve of their recognition of the Wang Ching-wei Government, but even this it now appears was not "final," as the Japanese Foreign Office Spokesman, Mr. Y. Suma, said that "this (Wang-Abe Pact) was not exactly a peace treaty since the military situation was not affected."

Trying to Stop the Leaks!

Japanese cartoon in the Tairiku Shimpo, organ of the Japanese Army, shows Gen. Chiang and Dr. Kung on one side of the fish-bowl, and the Soviets on the other, trying to stop the leaks with American and Russian loans. The fighting fish inside the bowl are labeled Kuomintang and Communists.

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Japan's Southwards Expansion Plans Continue Theme Established by Overture in Conquest of Manchuria

BY HUBERT FREYN

The recent inflating of the "New Order" to envelop Great East Asia and the steps taken by the Japanese in Indo-China and Thailand since September toward its realization bring to mind an episode which preceded the present Sino-Japanese war. The similarity in methods and the identity of aims is striking. Evidently, Japan's masterminds when they embarked upon their cherished expansion, whether continental or southward, set themselves a single pattern of procedure to which they adhere as rigidly as an uncertain student to his textbook.

Manchuria's conquest was the overture which, like a Wagner opera, already contained briefly the **leitmotifs** that form the main themes. Definite slogans like "life-line"-"freeing oppressed people"-"mutual prosperity"-"cooperation"-"autonomy," recurred with unfailing regularity. But the first act of the drama where words and actions brought the technique into full view was the attempt to enlarge upon the initial success by detaching North China. This was really the first major step in the execution of the Tanaka Memorial.

After the capture of Jehol Province in 1933 it seemed for a time that the Japanese armies would march straight on Peiping and Tientsin. But foreign powers protested, and they halted, temporarily. The Tangku Truce, however, created a demilitarized zone alon the Great Wall in whose passes the Kwantung Army remained entrenched, poised for action. The task was how to proceed from then on without too much noise—Japan's withdrawal from the League of Nations had caused a disagreable stir. It was at this stage that the system of "peaceful penetration" began to work.

"Japanese policy is peaceful," said the leaders of a Japanese military conference at Tientsin on June 5, 1935, "and future action will depend upon the sincerity with which the Chinese authorities meet Japanese requests."

This was the first intimation to the public that once again Japanese demands had been presented. For a while it had seemed that with the satisfactory settlement of incidents in Chahar, tranquility would at last return to much disturbed North China. General Doihara, special liaison officer of the Kwantung Army, declared the demands were based on the Boxer Protocol of 1902 "for the sole purpose of settling everything peacefully."

"Reasonable Development"

Cooperative (by force, not by intention) Chinese authorities moved the capital of the province from Peiping to Paoting, and the 51st Army and the Gendarmerie beyond the border of Hopei. The situation, said the Foreign Minister at Nanking (none other than Wang Ching-wei), had returned to "normal" and would follow "normal lines." What this meant soon became clear. By the end of September the Tokyo War Office was reported to be prepared to "provide means for reasonable development of Japan in North China, to emancipate the oppressed people of the Far East, and give them peace and work." A new military conference, at Dairen, decided to "convert North China into an example of cooperation and then to extend its scope elsewhere."

In the middle of November a Peoples' Association for the Promotion of Self-Government in North China was established in the Japanese Concession of Tientsin, which agitated for the overthrow of Nanking's rule and the ousting of western influence from China. Two weeks later, twenty-five counties in East Hopei, including those in the demilitarized zone, were declared an "autonomous federation for the defense against communism." On the same day Tientsin was treated to a show of self-government demonstrators, assisted by a United Chinese People Self-Defense Corps. The show was a flop, however, as the crowd got mad, tore up banners, and chased away the Dare-to-Die men who fled for their dear lives. Japanese support was conspicuous by its absence. The commander of the Japanese Garrison, resentful that Doihara would steal all the applause, had refused his cooperation.

But Japanese pressure, both at the capital and in the North (the system of "parallel negotiations") increased. Finally, the Minister of War was despatched to Peiping where after lengthy negotiations an "amicable settlement" was reached, resulting in the establishment of the Hopei-Chahar Autonomous Council.

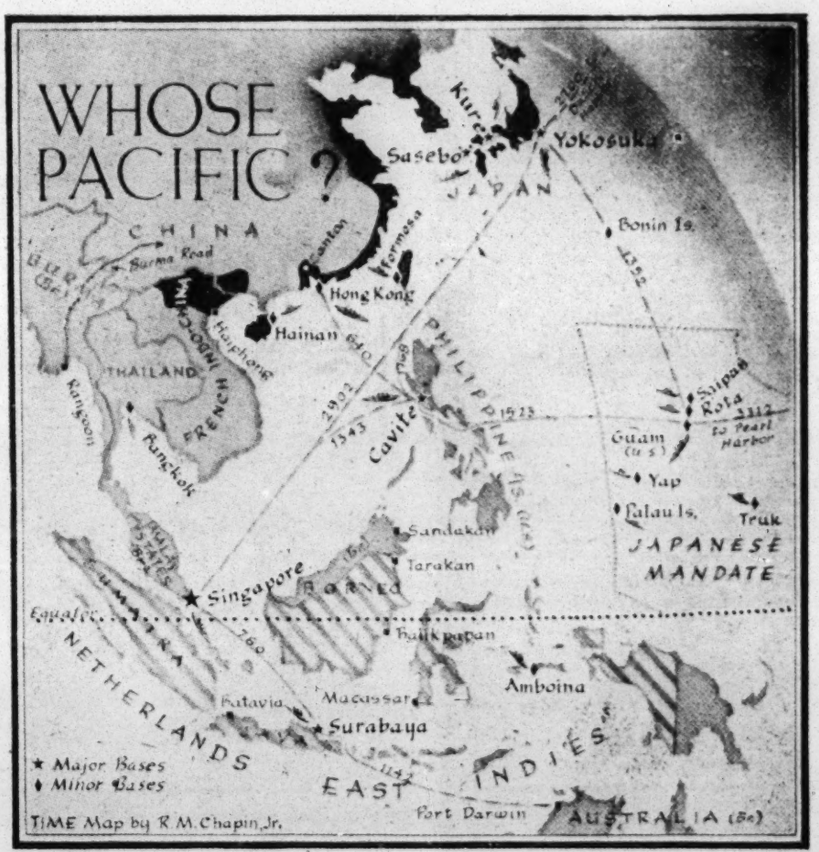
With Japanese advisers in its major departments, the Council proceeded to put an end to Nanking's "maladministration" by diverting to its coffers the local revenues. When in the wake of the Chinese currency reform $50,000,000 worth of silver stored in Chinese Government banks at Tientsin and Peiping were to be shipped south, the Council, openly supported by the Japanese, forbade the shipment "to prevent the impoverishment of the North China people."

"Spirit of Love"

In May of 1936 Japan decided to increase her garrison in North China. This, declared General Muto, had been decided upon because the new regime had been established to promote friendly relations with Japan and "Manchukuo" and therefore deserved closest cooperation from Japan. Simultaneously, the Council was urged to "greater independent activity." General Doihara, revisiting Peiping "to call on friends and widen his knowledge," said: "Our ideals are founded on the building up of the true Oriental spirit of love. On that basis I hope that the Oriental peoples will cooperate and progress hand-in-hand to the establishment of a truly Oriental civilization."

During the spring Japanese economic missions had arrived in droves to look over the country. The "New China Company" was established at Tientsin

Thailand Watches Anxiously



Thailand watches anxiously as the Far East crisis draws nearer her shores. It was in an effort to maintain her neutrality, according to one body of opinion in Chungking, that the "Land of the Free" was compelled to make territorial demands on Indo-China, leading to an outbreak of hostilities between the neighboring countries. Despite the anti-Chinese campaign which raged through Thailand in the spring of 1940, there is a growing movement in the Chinese capital for a rapprochement between Thailand and China.

by the South Manchurian Railway Company as preliminary organ for "economic co-operation." Large-scale factory construction was undertaken in the port by Japanese interests bent on profiting from cheap Chinese labor and raw materials, while Chinese-owned factories one after the other went to the wall, unable to keep above water in the flood of smuggled Japanese goods that poured in wholesale, transported by Japanese and Koreans, from autonomous East Hopei. These enterprises, too, were acquired by Japanese concerns for a song.

Major-General Koryo Matsumoto, first emissary of the Kwantung Army with official standing, who succeeded Doihara, expressed the hope that "the people of North China will realize that any policy which is not undertaken in co-operation with Japan will ruin the country and the people."

The Garrison was increased from the 2,586 officers and men allowed by the Boxer Protocol to a "mixed brigade" estimated at between 7,600 and 16,000 men. When the troops arrived at Peiping, fully armed soldiers took possession of the city's main railway station, strung military wires through the streets, and posted machine-guns at strategic places. During a parade held soon afterwards the Legation Quarter and surrounding area were for more than an hour under Japanese armed occupation.

The Integrity of China

By the summer of 1936 it seemed that in a few months a new **coup** would finally sever the loose ties which still bound the Autonomous Council to Nanking. The fate of the other three northern provinces would then be sealed.

Throughout the entire twelve months, however, the spokesmen of the Gaimusho never failed to assure a credulous world opinion that Japan had not the slightest intention of violating the Nine Power Pact and was scrupulously respecting the independence and territorial integrity of the Republic of China.

There is a faint resemblance between the Nanking Government in June, 1935, engrossed in its anti-communist campaign, and the Paris Government in June, 1940, on the verge of its defeat by Germany. The resemblance lies in the fact that neither of the two governments at the time able to take on an additional enemy and protect outlying territory against encroachment. But there the similiarity ends, for the direction of developments in each case was diametically opposite. Nanking emerged, but Paris, or rather Vichy, submerged. France had fought and lost. China had not even started to fight.

For a brief time, the relations of Indo-China to its home-government in 1940 and those of North China's provinces Nanking in 1936 were almost identical. In the first case it was this moment which Japan's master-minds chose for the first push in the Southward Expansion. In the latter case it was the second stage of operations of the Tanaka Plan, overlooking the regrettable China Incident which, not having been on the program, was temporarily shelved.

Accurate Anticipation

One day before General Weygand decided to ask Germany for an armistice, on June 13, 1940, the Japanese Ambassador to France presented to the French Government his country's request for a "co-operative attitude" on part of French Indo-China. The passage of Japanese troops "to facilitate the settling of the China Incident" was sought. Furthermore, "owing to geographical propinquity" and because Indo-China was peopled by Orientals, the colony needed to be drawn into the orbit of "Greater East Asia's mutual co-prosperity, for which purpose an economic accord was essential."

The request was repeated on July 10; on August 2 it was added that the use of airfields would also be required. The French Government agreed to a "discussion" provided it was conducted in a "calm atmosphere." It requested Japan to state she had no territorial designs. An agreement was reached at the end of the month, Japan formally pledging herself to respect France's rights in the Far East, including the integrity of Indo-China.

Nishihara's Mission

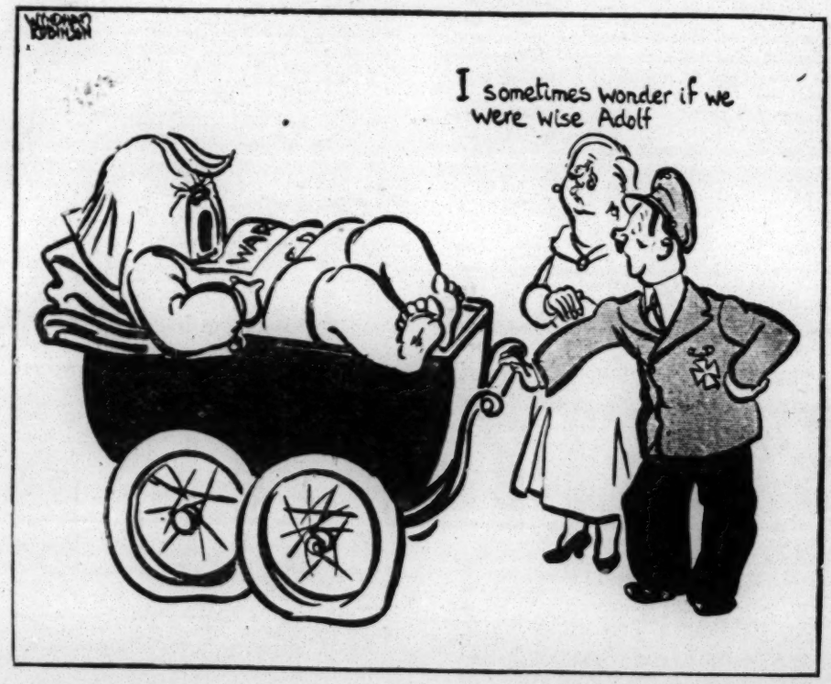
During the latter part of the negotiations General Nishihara was despatched as special emissary to Hanoi to confer with Governor General Decoux (system of "paraell negotiations"). The talks did not, apparently, progress rapidly enough, for early in September the General informed Admiral Decoux that Japanese troops would enter on September 6, and the notification was in the form of an ultimatum.

The French Government agreed to the passage of 25,000 troops, but this was evidently considered an insufficient concession. Some members of the Japanese mission at Hanoi (the Japanese love missions), though accommodated gratis at the best hotel and generously treated with champagne, packed their baggage and went off to the port. General Nishihara said good-bye to the Admiral. The reason was a new ultimatum demanding permanent air and naval bases. Two days before the expiration of the ultimatum, on September 20, it was announced the Japanese had modified their demands and negotiations were being resumed "in a favorable atmosphere." But when the Governor-General refused additional Japanese demands for the stationing of 20 000 troops at Hanoi, the capital, the control of the Langson area, and more air bases, the situation became acute. Vichy admitted a serious deadlock. The French authorities said they would refuse to permit the agreement (of August 30) to degenerate into a Japanese occupation of Indo-China. But the **Japan Times** commented significantly: "Whatever understanding may be reached by Japan with the Indo-China authorities, only concerns Tokyo and Hanoi." Vichy, like Nanking before, was a negligible quantity.

At the last moment, on September 20, an agreement was announced granting the Japanese "certain military facilities" including the stationing of 6,000 troops at Haiphong and the use of three airfields. On the same day, at 10 P.M. troops of the Canton (not Kwantung!) Army crossed the border from Kwangsi and attacked a French blockhouse. Fighting ensued lasting for three days while Nishihara vainly tried to stop the advance. General Ando, commander of the Canton Army, was not to be despoiled of glory.

A large part of the French forces along the Kwangsi border, ordered not to fire, was encircled by some 30,000 troops of the Canton Army. Langson fell after aerial and artillery bombardment. Whole companies were wiped out. Some 1,000 bedraggled prisoners including officers and wounded were confined to outdoor camps with a diet of rice. Native traitors acted as guides to the invading army which, among others, also killed a French officer who walked toward them over a bridge to open negotiations. Disaffected Annamite soldiers, incited by Japanese propaganda, revolted and killed their officers.

War Baby Grows Fast



Robinson in London Star

Haiphong "Mistake"

In Haiphong, on which four bombs were dropped by Japanese planes ("a mistake —so sorry!"), the first Japanese troops were landed on September 26. At Hanoi a Japanese army staff quarters was established, guarded by 900 soldiers, and an Admiral's staff installed, in charge of the naval air force; the civil air port near the city was taken over. French officials admitted the Japanese had overstepped the agreement but so far had made no demands beyond Tonkin.

Next a Japanese mission of thirteen members, headed by Japan's Ambassador to the South Seas, arrived from Tokyo. According to the Japanese press, the Ambassador told newspaper men before his departure that he intended to tell Admiral Decoux what Japan considered the best course for Indo-China to follow "as a member of the Asiatic family of nations" but that he would warn him "not to make false moves on big issues."

The Japanese terms for an economic acord, presented on October 22, were found "reasonable" by the Governor General but, the Japanese papers reported, were opposed by French commercial

and financial interests at Saigon which had been "exploiting the colony and were anxious to maintain the **status quo**, based on a discriminatory tariff wall and other unusual trade practices." (Manchuria! Occupied China! Korea!)

Toward the end of October, the American chartered S.S. Sikiang and two other vessels proceeded to load for shipment to Manila U.S.$10,000,000 worth of American-owned goods which had been stored at Haiphong pending transportation to China, but the French authorities on Japanese behest first stopped the loading—the Japanese claiming the right of examination of all export cargo (as part of the military facilities?)—and then forced the vessels to unliad everything, including equipment belonging to the Texas Oil Company and the Standard Oil Company of New York. With this event coincided the announcement from Vichy that the French Government had conferred, effective January 1, 1941, complete Customs autonomy on the colony. Admiral Decoux had a free hand to co-operate with the Japanese mission in matters economic as well.

Thailand Enters

Thailand, "Land of the Free," got itself into the limelight on September 15, 1940, when, following the noble example of the sponsor of the Asiatic Monroe Doctrine, it served demands on France for a boundary "rectification" and the cession of territory along the Mekong River. In case of non-acceptance, the Non-Agression Pact of June 12 would be denounced. (It will be remembered that Poland, for years a close associae of the late Little Entente, gladly swallowed a part of Czechoslovakia after Munich.) The peaceful atmosphere which had prevailed for two generations between Siam and its eastern neighbor, Indo-China, became presently disturbed by a series of "incidents," confirmed and unconfirmed, which lent color to the beginnings of the new era in Southeast Asia, ushered in by the collapse of France.

Stimulated by the remarkable successes of its Big Asiatic Brother on the other side of Indo-China, Bangkok was not slow in discovering on October 1 the abhorrent treatment meted out to its nationals by the French colonial authorities. A merchant who was alleged to have crossed the border was, equally allegedly, shot dead by French police. The Thai Government demanded an inquiry, punishment, and compensation. A couple of days later, Indo-China anti-aircraft guns were said to have fired at a Thai plane near the border. The report (like most of their like from Japanese sources) added that Thailand had massed fifty planes near the border, on the opposite side of which the French were concentrating troops, while civilians were being evacuated by both sides from the danger zone.

French colonial authorities denied the report and the movements. The head of the Thai Mission at Hanoi declared his country was asking only for an extension of the borders of the Laos State "to make them more natural." That the French, however, were none too pleased over this desire for naturalness was indicated by the favorable comment with which the news was received of America's cancellation of an airplane contract with Thai.

"Goodwill" Tour

While an extremist paper at Tokyo urged an alliance between Japan and Thailand and the acquisition of naval and airbases to outflank Singapore, a Thailand goodwill mission en route to Australia, headed by the Minister of Justice, visited the British naval base and was shown around its defenses. It was not stated with what effect.

On October 18 Thailand's Premier urged the people to remain calm and await the Government's decision:

"To give a just demarcation of the Mekong River won't wipe out the injustices....We are determined to get back our lost territory. Every effort will be made without resorting to force, but if force is inevitable, war will be waged with a minimum of bloodshed."

The time has not yet arrived to write finis to the Asiatic drama. Not even the North China act is really ended: its development is now part and parcel of the much larger drama of the Sino-Japanese war. Essentially, all three acts are side-shows in the main play, properly called "Japan's Shadow over Asia." Nor is the setting limited to the scenery already mentioned. Paralleling Acts II and III, on another stage preparations have been going on for the **mise-en-scene** of yet another by-play. Japanese missions, Japanese emissaries (as yet no generals), and the Japanese press have been busying themselves with another life-line, the Netherlands East Indies. As 1941 approaches, the likelihood increases of further and still more disturbing developments in that whole area which has had the misfortune of being dragged into the sphere of Greater Asiatic co-prosperity. For unlike the North China episode, other nations of the world, until recently vacillating spectators, are one after the other making up their minds to take part in the show themselves, having at last been driven to the conclusion that the action of the stage was undeniably, and none too pleasantly, reacting on their own lives. As World War II mounts in violence and extent, isolationism is reduced to the absurd and neutrality becomes a lost art. The stage enlarges into the proscenium and, in the drama, the spectators are left with the sole choice of being either hammer or anvil.

HONGKONG GLITTERS

(Continued from page 122)

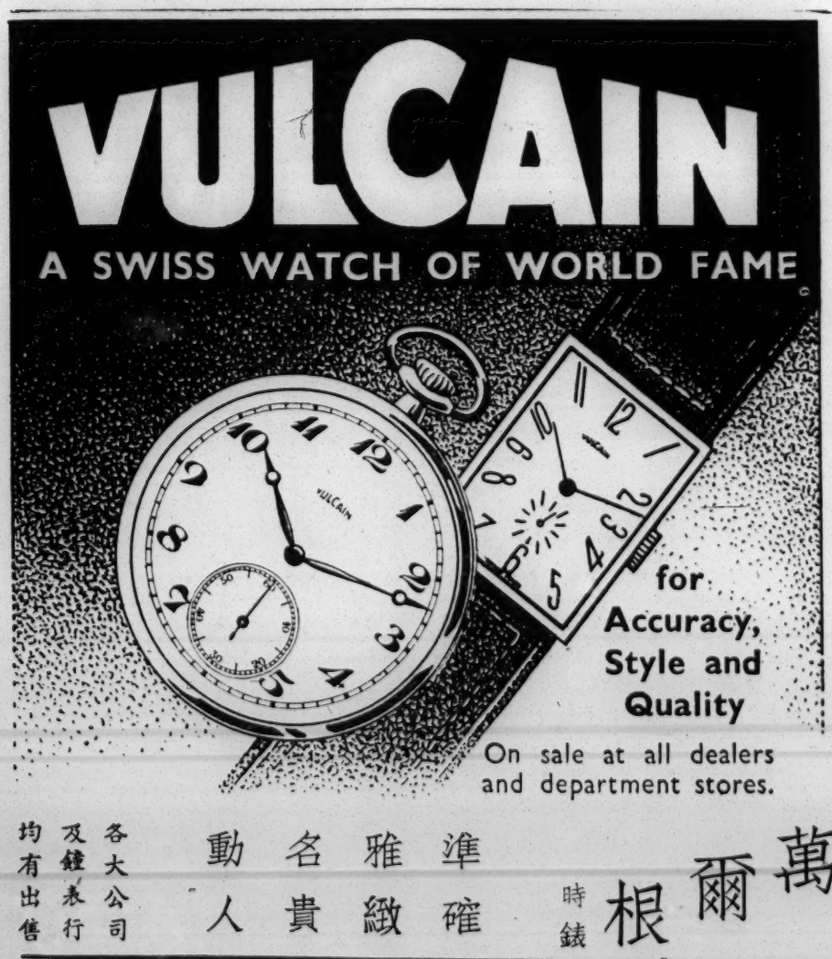
Leading Chinese restaurants, such as the Golden Drangon, the Golden City, the Ying King, and a host of others, are doing a roaring business. The number of restaurants, tea houses and cafes is conservatively estimated at 1,000.

Amusement resorts, particularly the cinemas and cabarets, are likewise doing thriving business. At present, there are 27 movie houses with a total accommodation of 31,000 seats, eight cabarets, and several ball rooms, adding to which are Cantonese theatres, ballet corps, circuses and rinks—an innovation. For the benefit of rich "refugees," many girls are "imported" from Shanghai on a "contract labor" basis, and most of them are making "good" money, the most popular ones being credited with a monthly income of $500 to $600.

"A false Façade"

This is the bright side of Hongkong, but it is a false facade. The majority of the population are suffering from the exorbitant cost of living, and poverty is wide-spread. Besides the large refugee population cared for by the Government and charitable organizations, there are thousands of street dwellers, who at one time in 1938-39 reached the enormous figure of 50,000. These ill-fed and tattered creatures spend most of their time on the pavements, combating hungry stomachs in the day and braving chilly winds at night.

There are striking similarities between Hongkong and Shanghai today. Both are confronted with the problems of overpopulation, high cost of living, and instability, and both are experiencing abnormal development. The contrast between the rich and the poor in Hongkong is as shocking as it is in Shanghai. To the rich Hongkong is really a paradise. All the amenities of life are within reach if the money is there to pay for them, and many are enjoying life to the full brim, eating, drinking and merry-making. The poor are a suffering lot. They eke out a bare subsistence by hard toil.



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Clash Between Puppets and Japanese Military on Note Issue Battle Expected to Shake Shanghai Finance

Already badly shaken by the vagaries of exchange during the past twelve months, Shanghai's financial world is closing its books this year in the bleak expectation early in 1941 of the greatest monetary crisis since the establishment of the Stabilization Fund. Out of the Nanking regime's decision to launch its long anticipated Central Reserve Bank on January 6, and issue currency under the title of the bank for immediate circulation in Kiangsu, Chekiang and Kiansu, it is believed there will emerge financial chaos, with the prospect of a battle royal developing between the puppet regime in Nanking and the Japanese military on the question of note issues.

The puppet-Japanese clash is likely to occur in the scramble, bound to ensue, for National Currency urgently needed by both of them. It is an anomoly of the situation that while the Japanese and the Wang government both hold that National Currency is of no value—by virtue of Japan's recognition of the Nanking regime—the only means by which the Japanese military yen and Central Reserve Bank note issues can be made to acquire more than a fictitious value is by enforcing their exchange for National Currency by means of oppressive measures, such as those which have been operating for some time now in North China in favor of the Federal Reserve Bank, and in Shanghai on behalf of the Hwa Hsing Bank.

The acquisition of National Currency is necessary in order to give military and puppet note issues the benefit of the foreign exchange which backs **fapi**, as pointed out by John Ahlers (**Review**, Dec. 14, 1940). In the Shanghai area, so far, the Japanese army has had the field to itself, and none outside of the Japanese army has the faintest idea of to what extent the local market has been flooded with army notes. That they have been a steady source of considerable foreign exchange to them, however, is well-known; observers here are keenly apprehensive of what will eventuate when Wang Ching-wei's currency goes on the market in competition with military yen for **fapi**, and thereby foreign exchange. The situation, it has been remarked, is fraught with potentialities.

Chungking May Act

The National Government, in the meanwhile, is also an uncertain factor in the local currency war looming. While the leakage of foreign exchange into the Japanese military war chest was overlooked by Chunking in an effort to maintain a semblance of sane trading conditions in Shanghai, it is believed that the large-scale monetary offensive threatened by the issue of Nanking's phony notes and the possible increase of equally valueless military yen will not pass unchallenegd, and that the Government will meet the enemy on its own terms—that is, by the reduction of the **fapi** to a monetary unit with only fictitious value, on par with military yen and Central Reserve Bank notes.

This could be achieved without recourse to either inflation or enforced devaluation, by the simple expedient of taking **fapi** off the "foreign exchange standard," and leaving it to find its own level according to purely local trading conditions. In place of **fapi**, for purposes of foreign exchange transactions, according to reports, it seems likely that the National Government will issue certificates obtainable through the allotment system only after the closest investigation into the applicants' requirements.

While this undoubtedly would plunge Shanghai's money market into turmoil, it is pointed out on the other hand that the problem is becoming one no longer possible to solve by the half measures of Stabilization Fund manipulation. There is a considerable section of financial opinion in Shanghai, and probably in the outports, willing to pull in its belt a notch and take what is coming in the interests of a stabilized future. It is also pointed out that the Japanese, in case **fapi** were devalued by these means, would be left holding a considerable bag of national currency acquired through their own manipulations.

Officials Named

According to the official statement on December 19 announcing the formation of the Central Reserve Bank, the Nanking regime also promulgated a provisional law relating to the unification of currency, regulations governing the establishment of a foreign currency control commission, and new Ministry of Finance regulations.

Mr. Chou Fo-hai, Minister of Finance of the Nanking government, will, in addition to his present post, be concurrently Governor of the Central Reserve Bank, while Mr. Chien Ta-huei has been appointed Vice-Governor. The bank will open for business at Nanking on January 6, 1941, and subsequently will open branches in other important cities.

According to a manifesto issued by Mr. Chou Fo-hai, the bank will circulate notes "which will be regarded as legal tender and will circulate provisionally at par with existing notes" issued by Chungking banks, "pending a gradual unification. However, should the value of this currency drop further because of increased quantities of notes issued by Chungking, thereby causing confusion in markets and threatening the livelihood of the people, provisional measures al-

ready prepared will be adopted in order to maintain the value of the new notes issued by Nanking," the manifesto declared.

Japanese military script notes, it was stated, will continue to circulate during the existence of the present state of war, while notes of the Federal Reserve Bank of China at Peiping also will be permitted to continue to circulate in North China for the time being.

Five Denominations

Declared to have been captalized at Chinese Dollars 100,000,000, the new Bank issue will have its note issue covered with gold and silver specie up to forty percent, according to another Nanking announcement. Notes of five denominations will be issued, these being $1, $5, $10, $50, and $100, as well as suzsidiary coins. The announcement did not reveal the source of the bullion coverage.

Circulation of currency of the new Bank will be limited to three provinces, Kiangsu, Chekiang and Kiansi for the time being, with Hsuchow, Haichow district, Wuhan area, Anking, South China and Hainan Island being excluded, it was further stated.

Discussing the future of the Hwa Hsing Bank, Mr. Isoichi Washio, Vice-President of the concern, said on Saturday that the future sphere of business influence of the bank hereafter would be the "cultivation of international monetary circulation and handling of commercial and trade transactions."

The Hwa Hsing Bank he declared euphemistically, had transferred its privilege of bank note issue to the new Central Reserve Bank with the formation of the "Government of China" at Nanking, and had decided to engage in a new phase of banking business.

With the issuance of new Central Reserve Bank currency, the Hwa Hsing Commercial Bank would discontinue its own notes. Those now in circulation would continue to be valid for payment of Custom duties and dues for the time being, he declared.

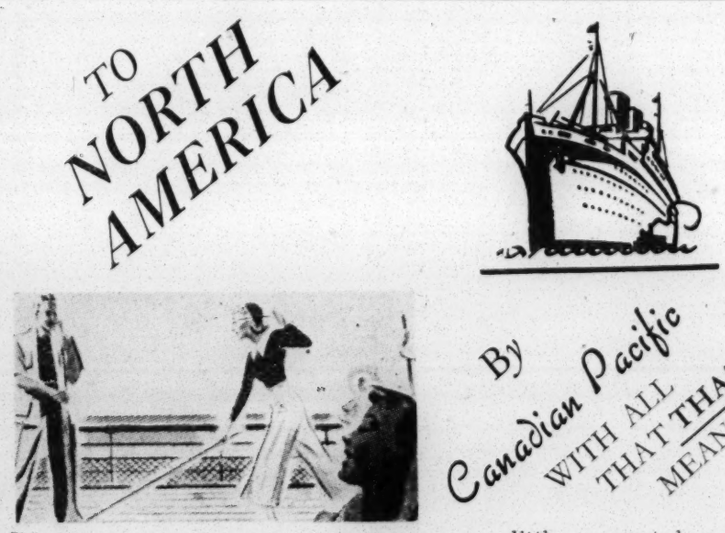
The Hwa Hsing Commercial Bank was prepared to sell Sterling and United States dollar exchange of **fapi** to those who present **Hwa Hsing** notes on the basis of sixpence to one Hwa Hsing dollar, Mr. Washio concluded.

"Economic Police" Plan

Probably not unconnected with the forthcoming inauguration of Wang's bank was the announcement on December 19 that the Japanese Consulate-General would shortly inaugurate an economic section in its Consular Police organization for the purpose of of establishing a new system of economic control in Shanghai. This decission was reached at a meeting held at the Astor House Hotel, according to the **Shanghai Mainichi.**

Officials at the conference discussed "basic questions in relation to the new project," those present including Mr. Takeki Horiuchi, Japanese Consular-General, Mr. Eki Sone, Senior Japanese Consul, Mr. Eimatsu Shirakami, Chief of the Japanese Consular Police, and Mr. Kozo Suimura, Chief Secretary of the Shanghai Japanese Chamber of Commerce and Industry.

Meanwhile, stated a **Domei** message from Tokyo, the Bank of Japan's note issue set a new high record at noon on December 21, when it amounted to Yen 4,045,000,000, bringing the excess issue to Yen 1,344,000,000. Loans totalled Yen 196,000,000, showin a decrease of more than Yen 6,000,000 as compared with November.



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Western Area Police Pact Said Reached

A "basic agreement" on the policing right in the Western District has been reached between the Shanghai Special Municipality and the Settlement authorities "culminating negotiations" conducted between the Municipal Council and Mayor Chen Kung-po since his assumption of the mayorship, the **Tairiku Shimpo** reported on Tuesday.

The Shanghai Special Municipality, according to this report, will take over the policing right in the Western District before the end of January, pending sanction of the agreement by the Nanking Executive Yuan, the paper said.

"Furthermore, the Special Municipality to take over the taxation right in the Western District, which has been exercized by the Municipal Council," according to the Japanese daily, which added that Mayor Chen would set up a special organ in the said district under the supervision of the Financial Bureau of the Special Municipality for levying taxes.

The "Tairiku" recalled that a tentative agreement on the policing right in the Western District was reached last February between the late Mayor Fu Siao-en and the Municipal Council authorities, but the tentative agreement had never been put into practice due to changes in the situation in Shanghai.

Mr. G Godfrey Phillips, Secretary and Commissioner-General of the Shanghai Municipal Council, however, stated that the position regarding the negotiations over the policing rights of the western area was the same as it was two or three weeks ago. He said that there was no change in the situation, according to the **North China Daily News.**

Difficult Task

Commenting on a prior statement made by Mr. Chen Kung-po regarding the Western District and other policing questions, the **China Press** last week noted that Mr. Chen Kung-po had coined an admirable slogan when he met Shanghai newspaper representatives on Saturday, and for the first time gave a frank explanation of his policy on the outside roads and other questions. Mr. Chen outlined his plans for the settlement of the vexing question of the western area joint policing force—a problem which has been hanging fire now for more than a year, and he announced plans for the importation into Shanghai of 14,000 piculs of rice monthly from the occupied districts. These, and other plans Mr. Chen discussed without reserve, and he gave the impression that he was going to set an example to others, and, as he said, "Get Down To Business."

"Without desiring in any way to be the wet blanket at Mr. Chen's partry, it was stated by the **China Press,** "it must be stressed that Mr. Chen's plans are plans—and nothing more. Much as he may desire t get down to business and bring some semblance of law and order to the districts over which he claims authority, and his reputation is such that there is no doubting his sincerity, it must be remembered that his plans are subject to Japanese military approval in their execution. And unless the Japanese army has undergone a change of heart since the arrival of Mayor Chen in Shanghai, then he is faced with an almost impossible task."

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General Chiang's Decree Has Salutary Effect on Chungking Rice Speculators

BY A CHUNGKING CORRESPONDENT

As a result of the Government's action against the profitering, dumping, and hoarding of rice (**Review**, Dec. 14, 1940) prices and supplies of the commodity in Chungking are again reasonable. Following Generalissimo Chiang Kai-shek's strong statement to the district magistrates, a partial rationing system has been enforced since December 1, by which cheaper rice is being supplied poor people, dependents of soldiers, and minor public officials.

By order of the Executive Yuan, the administration will supply 1,000 piculs of rice daily at $60 a picul. For the general public in the wartime capital, 234,000 piculs of rice will be imported from 21 neighboring rice-producing districts. The National Food Administration has ordered all neighboring counties to lift bans on the shipment of rice from their districts to Chungking and other important cities.

Since from the outset the difficulties have risen less from a shortage of crops than from transportation difficulties, the administration under Vice-Minister of Communications Lu Tso-fu has begun to cope with the food situation in Szechwan by establishment of control stations in each county. All cereal godowns, rice shops, middlemen, hulling and cleaning mills, and markets must be registered and organized into guilds, for better intercommunication and efficiency. Actually, in Szechwan the harvests for the years from 1938 to 1940 have been estimated as bounteous enough to supply the province for four years.

Some provinces in the interior, such as Yunnan, reaped comparatively lean harvests due to lack of rainfall. It is said that in the case of Yunnan, however, Dr. Franklin, director of the Agricultural Credit Administration, succeeded in ordering a sufficient amount of Annamese rice from Indo-China.

Hoarding Prevalent

The rice issue had reached serious proportions by November. Inflation of paper money had caused many people in the provinces to hoard rice in case the money became worthless. This, coupled with the cornering of markets by merchants, and the supply set aside for the army needs, caused prices to soar. Whereas $20 would have bought over one hundred catties in Hunan, the same amount bought less than one fifth of that in Chungking. Rice shops were looted. The poor lined the streets waiting for Government distributions.

It was the latter condition which brought the issue effectively before Generalissimo Chiang Kai-shek. After seeing a large street gathering of poor, he called a meeting of magistrates, and frankly told them: "Should anything interfere with your bringing the supply and demand of rice closer together, I personally shall back you up in solving the difficulties."

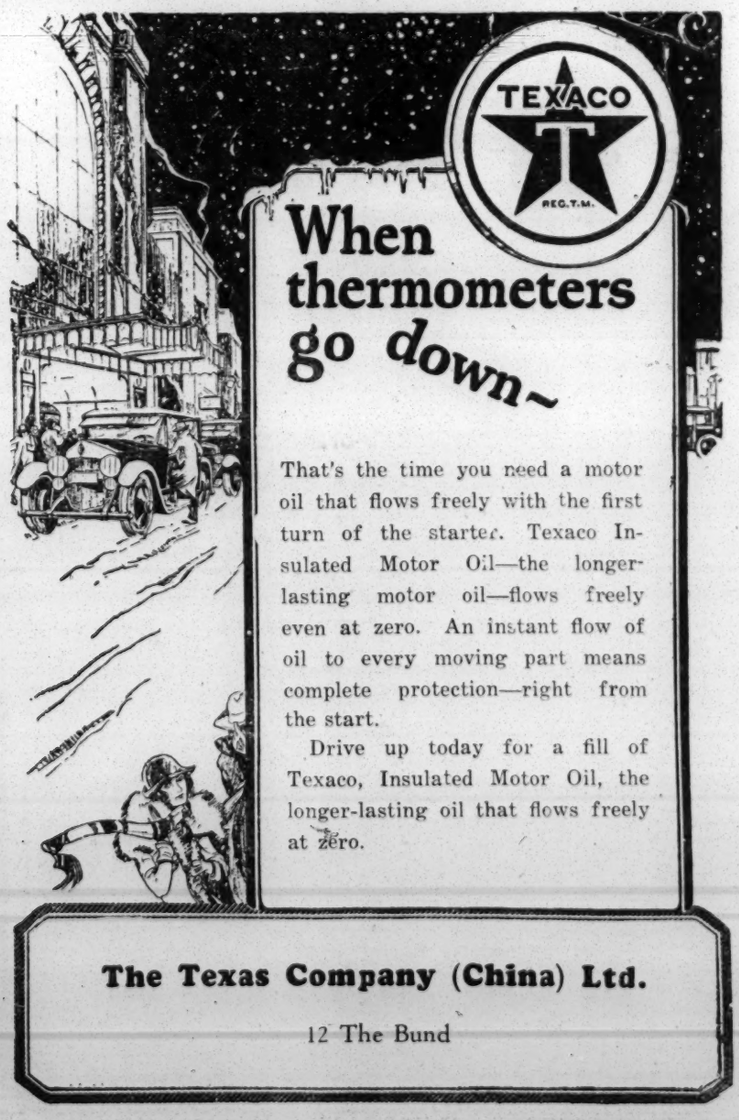
The rise, until the recent displacement, had been fairly normal considering the war. In 1939 Szechwan experienced a good harvest. The rising cost of living accompanied pressure on Chungking until the Government instigated an extensive buying program to build up military reserves. Unexpectedly, this resulted in a stampede for the purchasing of rice by private merchants. By June, 1939, prices had advanced to $37 per picul in Chungking, as compared with $23 in Chengtu. In August it increased to $57 in Chungking and $42 in Chengtu. By October the price had reached the $100 mark in both cities.

The terms of Gen. Chiang Kai-shek's decree were decisive. He gave the magistrates ten days to report to him the big and powerful rice hoarders in the province. It is reliably learned that he authorized the execution, if necessary, of five principal hoarders in each district as a grim object "lesson".

The broad aspect of China's rice supply is encouraging. This year a 75 percent harvest is assured in the interior, which means a decrease of 40,000,000 piculs. This is actually an increase of production, if the reduced acreage is considered.

According to an official report, the total rice production in the 15 interior provinces last year was 750,000,000 piculs. By the end of this fall, a total of 700,000,000 piculs will have been consumed. Hence a surplus of 50,000,000 piculs from last year's harvest will still be available, to which can be added another 50,000,000 piculs surplus from previous years.

Statistics show that Szechwan province, richest and most productive in the interior, dropped only 62,472,000 piculs from the 1939 quota. With subsidies for transportation, for which $20,000 already has been spent in the last three months, these surpluses will be brought to deficient cities.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Chengtu Mayor Dies For Hoarding Rice

Military headquarters in Chungking on December 22 announced that Mr. Yang Chuan-yu, Manager of the Tachwan Bank and former Mayor of Chengtu last Sunday was executed morning. He was convicted of hoarding race.

The death sentence passed on Mr. Yang was the first capital penalty invoked since Government authorities two weeks ago began a drastic campaign to eliminate rice hoarding, keep down soaring rice prices and alleviate suffering of the poorer classes.

Mr. Yang will face a firing squal Monday morning, military authorities announced. The back executive was found guilty of rice hoarding after a trial, it was said.

The Tachwan bank, known also as the "Greater Szechwan Bank," was established here recently with Mr. Yang as Manager.

Mr. Yang, who was educated in Germany, also was a former director of the Szechwan Provincipal Government finance bureau before assuming the mayorship of Chengtu.

Prior to outbreak of the Sino-Japanese war Mr. Yang also was a high official in the Chinese Ministry of the Interior.

Happy New Year in Europe—With Fireworks and Music

BY SAM TITLEBAUM

Happy New Year! The Old Year dies. 1940 is ushered out with the greatest display of fireworks since the invention of gun-powder and the mightiest martial symphony ever assembled.

Happy New Year! The giant beams of anti-aircraft searchlights scanning the skies for raiders; the flares that light up the earth just before the blinding brightness of the bombs themselves; the chemical fire of incendiaries; the raging furnaces that were buildings, churches, homes and hospitals; the flashes of the big guns; and the whirling, gyrating, multi-colored pinwheels, as planes hurtle down from the clouds in flames to meet the destruction they brought and be destroyed with it.

Happy New Year! Do the fireworks hurt your eyes? Shut your eyes, then, and listen to the orchestra that is playing out the old and throbbing in the new. Harsh brasses, with an undertone of the heavy bolero beat of drums. The whistling terror bombs; the thundering crash of high-calibre explosives; death-dealing confetti fed from the skies thru machine-guns; the grinding rumble of collapsing masonry.—The brasses and the drums recede—The woodwinds and the strings that take up the grim refrain are the screams and the groans and the whimperings of wounded, crushed and dying civilian non-combatants, old men and children, and women with their babies in their arms, who wondered, "Why?"—and died still wondering. A duet is heard, played by the first and second violin, Starvation and Pestilence who hold the seats of honor in every orchestra of war, and then without a moment of silence, the brasses and drums again!

Happy New Year!—On with the new! 1940 is going! Gone but not forgotten, and never to be forgotten. For 1940 has left a scar on the world that will be many years healing. Remember? In 1940 two thousands years of the advancement and improvement of mankind were thrown overboard; all the skill and science and efforts of a highly developed human ingenuity were bent to one task and one end, destruction. In 1940 there arose to its fullest height the new and terrible principle—totalitarianism. It is not really new. It is as old as the predatory jungle law for which it is another name. It is the simple animal precept that the strongest and most ruthless man with the largest club will rule the band to his own personal benefit and profit.

It almost succeeded. Partly because it was dressed in the modern habilaments of our present civilization, and partly because it promised such dazzling returns to its leaders that they were willing to risk everything, it almost succeeded. But the real reason for its partial success was that it caught the world by surprize. The freedom-loving and the freedom-enjoying world would not believe that the new scourage was a throw-back to the stone ages;; they refused, at first, to believe that International Law, that treaties, that the Articles of War, that civilian rights and human rights were all tossed aside and unrecognized by this new enemy. And because they refused to believe, they almost lost, and the world almost went back a few thousand years to where the totalitists are attempting to throw it.

But as the true import of the totalitarian intentions seeped into the consciousness of the free world, the surprise changed to horror, and as the months of 1940 rolled by, the horror grew and is growing into the righteous anger and the righteous might of the really civilized peoples.

Hardly perceptible at first, it became plainer in the second half of 1940, and particularly in the past month or two. If it is totalitarianism that Herr Hitler and his gang want, then totalitarianism they shall have. But not the ultimate world leadership that Herr Hitler aimed at when his mad brain conceived its Napoleonic ambitions. It is a new totalitarianism that is born in the full realization by the free world that they are up against a threat to their very survival; that an epidemic is loose in the world, and that there will be no peace until the germ is destroyed. It is the total and complete mobilization of every human being who wants to remain free, and the mustering of every stick and stone and grain of gunpowder at their command.

The appeasement phase, where kindly human beings could not bring themselves to believe in the predatory natures of other human beings, is over. The surprise phase, where the world refused to believe what it was seeing and feeling and suffering, is over. The retreating phase, brought on by the first shock of attack, is finished. The events of the last month or two of 1940 presage the counter-attack in 1941 by

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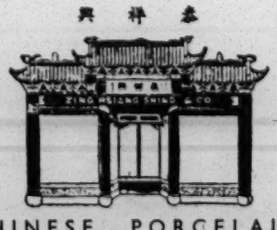

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the free forces of the world, completely mobilized in their new, temporary totalitarianism, to the complete confusion and destruction of the jungle epidemic.

What are some of the event's and circumstances and indications that show so plainly the turn of the tide? The most important circumstance is that the steam-roller of aggression which caught the world by surprise is stymied on all fronts. At the English Channel, the forces of Herr Hitler are at a standstill. And every moment that they do stand still, the British become stronger and more determined. The bombing of their homes continues to have just the opposite effect that Herr Hitler had in mind when he started. Instead of getting frightened and disheartened, the British people keep getting angrier and more certain that they will fight to the death, and as they grow in strength with the help of the United States and the entire British Empire, the raids of reprisal on continental Europe become more and more devastating and widespread.

The shores of the mediterranean are under allied control, as is the whole of the Mediterranian Sea. So safely under control, in fact, that Lloyd's of London, who base their insurance rates on percentages of loss, are not only writing maritime insurance for the Mediterranean, but at lower rates than some of the so-called non-combat zones.

Italy has become a distinct liability to the Hitler cause. They are being soundly and thoroughly thrashed by the Greeks across the Adriatic in Albania; and the constant rumblings of internal strife cannot be overlooked. The Italian people do not want Mussolini's kind of rule. They are tired of it. The partly confirmed reports and dispatches that German troops are in Italy, policing the Italian people against revolt is of particular interest, because it shows that the Italian people are waking up to the fact that Ceasar is no more, and his modern counter-part is a poor imitation.

The tri-partite pact has become an illegitimate child. In the Far East, Japan, disillusioned because of the non-recognition of its New China by its Axis pals, proclaims to the world the ways and means by which it might get out of its Axis obligations, and leaves the impression that it was purely Berlin-inspired. On the other hand, Herr Karl Von Wiegand newspaper correspondent now in the Far East, but closer to Herr Hitler than some of his Nazies, disclaims for Germany any part in the diplomatic offensive that led to the formation of the alliance. In spite of the fact that Herr Von Stahmer was promoted and decorated as the Nazi diplomat who swung Japan into the Axis, von Weigand says that Japan started the whole thing, and asked Germany for the Alliance. Nobody wants credit for the poor, little tripartite pact.

While pouring out every ounce of assistance to the nations who are fighting aggression, the United States is swiftly and surely and unequivocally preparing to enter the fight if it seems at all that the Rome-Berlin-Tokyo forces might again seize the upper hand. The aid of the United States is instrumental in swinging the tide to an even battle, and the United States is not going to let up on that aid. There are no illusions in the United States today as to what could be expected from German-Italian-Japanese rule if the rest of the world were subjected to it, and it is purely elementary that the United States is not going to let that happen. And Germany and Italy and Japan knows it.

The free people of the world are completely aroused as the New Year comes in. The United States, the British Empire, China, Greece, and the free people of the occupied who are fighting by Britian's side, and the rest of the nations of the world who love their freedom are a combined force many times greater than anything Hitler could ever hope to muster. The swamping of Hitlerism, and Naziism, and Fascism and New Orders based on aggression and the slave-subjection of neighboring peoples and races is as inevitable as sunshine and daylight following the night. The world has progressed far enough to assure the heaviest ultimate mobilization on the side of right.

The MORAL aggression that Hitler complained of the United States last week has just begun. Whether Hitler & Company, including his Far Eastern ally will see that in time, or even seeing it, will make a last, mad, desparate and destructive gesture of frustrated rage, remains to be seen. It may get worse before it gets better. The fire-works and the orchestra continue. But we cant lose.

Happy New Year!

Shanghai Court Cases Increase In November

A total of 10,142 cases were prosecuted in the Shanghai First District Court in November as compared with 9,832 cases in October, according to the monthly report of the Shanghai Municipal Advocate. Out of a total of 4,820 criminal and administrative cases prosecuted to completion, 4,705 persons were convicted.

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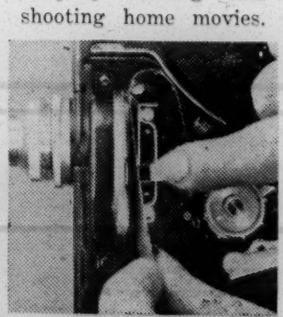

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Japanese Aerial Terrorism Continued Over Free China

Japanese air activity continued unabated last week and constituted the only action on the China war front up to the week end as land operations between both sides developed into a state of stalemate following the failure of the Japanese Central China campaign.

Among a list of towns chosen by the Japanese war planes as their bombing objectives were Chuchow, junction of the Chuchow-Pingsiang Railway in Kiangsi, Hengyang in eastern Hunan, Kwiechieh, of north Anking, Kochiu and Mengtze in southeast Yunnan. Japanese reports, as usual, claimed severe damage was inflicted upon munition depots and army concentrations within the raided districts, and that all Japanese planes returned safely to their base.

Chinese reports stated that a fleet of 38 Japanese airplanes reconnoitered over Kunming, provincial capital of Yunnan on December 18, but departed without dropping any bombs. Meanwhile, another report from Nanning stated that the wreckage of three Japanese planes, a bomber and two scouting planes, had been discovered at Chingshanta, near Nanning, former provincial capital of Kwangsi. An allegation that Japanese aircraft had been sowing disease germs over Chungking and Kinhwa, the latter situated along the Chekiang-Kiangsi Railway in Chekiang, was extensively circulated among Chinese quarters in Shanghai and Chungking; the reports were denied by the Japanese.

Factors behind the transfer of the New Fourth Army from the East War Zone (Kiangsu, Chekiang and Anhwei), to their new positions north of the Yellow River remained to be a military secret, while a leading article in the influential "Ta Kung Pao" on December 20 urged political unity as well as a unified command of the Chinese armed forces. The Communist forces were understood to have asked for more time in which to make the required transfers.

Pointing out that since the outbreak of the Sino-Japanese hostilities it had been the desire of the entire nation, irrespective of party affiliations, combine all efforts towards resistance against Japanese invasion, the **Ta Kung Pao** declarred that all political partries and fractions had publicly declared their support for the Chinese National Government program of resistance and the enforcement of the "Three Peoples' Principles," as well as the leadership of the Chinese Generalissimo Chiang Kai-shek.

The crux of today's problem, therefore, the Chinese daily continued did not lie in the question of political unity, but in the question of a unified command of the Chinese armed forces, emphasizing that if any army today should refuse to obey the orders of the High Command, or even resort to irregular activities, such action should be regarded as detrimental to the efforts of resistance, or even as threatening the safety of the state.

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Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

December 8

According to an official announcement circulated to the foreign Consular Body in Chungking, the Chinese Government authorities ordered the French Indo-China frontier to be closed to all passenger traffic, both foreign and Chinese. Another official in Chungking stated that General Shih Yu-san, former Governor of Chahar, and his brother Shih Yu-sin were executed on December 4 for disobedience, by order of the Chinese Government.

Chungking's revenue for 1941 was expected to amount to $335,000,000, of which $135,000,000 was expected to be collected from direct taxation, such as income, profit, stamp and inheritance taxes, while the other $200,000,000 is expected to be collected from the land tax.

The Korean Army Headquarters, in command of thirty thousand Korean youths assisting the Chinese counter attack against the Japanese along various war front was established in Chungking.

⁂

December 9

Both the Chinese Government and the British Embassy in Chungking categorically denied the Japanese report that the British Ambassador, Sir Archibald Kerr, was negotiating with the Chinese Government for a secret military alliance.

Apparently seeking to appease the U.S. Government, Mr. Yosuke Matsuoka, Japanese Foreign Minister, said that the Axis-Japan treaty represented the keystone of Japanese foreign policy but war against the United States, or originating from the accord, could come only in the event of America being adjudged the aggressor in a conflict against Germany, Japan would not fight if U.S. attacked by Germany, he said.

Mr. Kumataro Honda, one-time Japanese Ambassador to Germany, was appointed the new Japanese Ambassador to the Wang-Ching-wei Government in Nanking. Meanwhile, Lieut.-Gen. Shigeru Sawada, formerly Vice-Minister of War, was appointed Supreme Commander of the Japanese Forces in the Shanghai Area, succeeding Lieut.-Gen. Susumu Fufita.

Tension mounted at Haiphong following an argument between a French woman and a Japanese sentry.

Gen. Ho Ying-ching, in his weekly memorial speech, stated that the Japanese Central China campaign has failed entirely as a result of the Chinese counter-offensive. The objectives of the recent Japanese campaign, continued Gen. Ho, were threefold, namely, a victory to celebrate the recognition of Wang Ching-wei's Nanking Government, the defeat of a strong force of Chinese troops operating in north-west Hupeh preparatory to an attack on Siangyang and Fangcheng, and the relief of Chinese pressure on the Japanese flank at Ichang and Shasi.

⁂

December 10

The British Government was stated to be granting a loan of £10,000,000 to China. The new loan was announced by Mr. Richard A. Butler, Under-Secretary of State for Foreign Affairs, in the House of Commons. Dr. Quo Tai-chi, Chinese Ambassador to London, interviewed Lord Halifax and other British leaders for the purpose of discussing the Far Eastern situation and the question of British material and financial aid to China.

The total estimates of Japan's budget for the fiscal year 1941-42 reached Y.11,000,000,000, which included the current year's extraordinary war expenditure of Y.4,460,000,000.

The Japanese Government was reported to have decided to open the port of Tokyo to foreign trade.

Japanese planes, operating from a base in French Indo-China, yesterday claimed to have bombed bridges in the vicinity of Lungchow in south-western Kwangsi Province.

⁂

December 11

Mr. T. V. Soong, head of the Bank of China, was reported going to London soon to conduct technical financial negotiations following the British new loan to China.

All metropolitan morning papers in Tokyo voiced complaints over the compilation of the Japanese budget, which the "Nichi-Nichi" described as abusive.

According to a responsible traveller from Haiphong, agents of the Nanking regime were increasingly active in French Indo-China in an effort to influence Chinese in Indo-China in favour of a peace movement.

Manchoukuo was reported planning to open consulates in Shanghai and Peiping.

⁂

December 12

With the rapid approach of the opening of what promises to be a stormy session of the Diet, a major reshuffle of the Konoye Cabinet was rumored—as an expedient to enlist more enthusiastic support from both sides of the increasingly bitter Rightist Extremists and more moderate elements in Japanese Polictics.

The preservation of peace in the Pacific was foreseen by Sir John Latham, first Australian Minister to Japan, in an interview with Changhai newspapermen, He explained that it was to effect a more prompt exchange of authentic information between Australia and Japan that the two countries agreed to an interchange of ministers. Speaking as Chancellor of the University of Melbourne, Sir John declared that Australia would welcome the interchange of pupils and professors with China.

Tokyo dailies assailed Great Britain's decision to loan £10,000,000 to the Chinese Government and the announcement from Washington of further restrictions of iron exports. The papers were unanimously of the opinion that the move indicated Great Britain and the United States were seeking prolongation of the China incident. The influential Chinese daily, the **Tan Kung Pao**, however, declared: "Following the signature of the treaty between Japan and the Wang

Ching-wei regime, Britain and the United States announced credits to China....we must stress the importance of the political and financial effects of such credits." The paper futher emphasized that "it is also worthy of note that the action is concrete proof that Britain and the United States are adopting parallel action in the Far East."

Air raid sounded in Chungking, but Japanese aircraft failed to appear. Twelve Japanese bombers flew over Kunming at noon yesterday. Flying at a great height, the bombers were reported to have released their missiles outside the town.

Chinese defense positions on the Chekiang coast and along the Chekiang-Kiangsi Railway were subjected to a series of attacks by Japanese naval aircraft on Dec. 9 and 11 respectively, claimed a Japanese report.

Dr. Chu Ming-yi, Minister of Foreign Affairs of the Wang Ching-wei regime, was appointed first Ambassador to Japan of the Nanking Government following the Nanking Administration's recognition by Japan.

***

December 13

Ten Japanese bombers attacked the Burma Highway at the Mekong bridge early yesterday afternoon. Chinese authorities report that no damage has been caused to the bridge. While a Japanese report claimed to have heavily damaged the Kongkuo bridge, also along the Burma highway. Japanese airmen who attacked the Shianyung airdrome in Yunnan province also claimed to have destroyed a number of grounded Chinese planes.

Admiral Kichisaburo Nomura, recently-appointed Ambassador to the United States, said he might discuss the re-opening of the lower Yangtse River with Japanese Army and Navy officials on the spot during his forthcoming visit in China.

Chinese military spokesman in Chungking stated that a lull prevailed on all fronts last week after the Japanese suffered a defeat in their Central China campaign. Meanwhile, Chinese troops were said attacking a number of points in the area about 60 miles North of Canton and Anyi and East of Nanchang.

The Japanese Government, military and naval leaders held their second liaison conference between 11.20 a.m. and 12.40 p.m. The first meeting was held on Nov. 28.

Gen. Huang Hsu-chu, Kwangsi Provincial Government Chairman, now leading a group inspecting the stricken Nanning and southern Kwangsi area, said that wide-spread devastation still existed as a result of the 11-month Japanese occupation of southern Kwangsi Province.

***

December 14

Twelve U.S. Navy consolidated patrol bombers and one division of sub-marines yesterday were en route from Honolulu to Manila, it was revealed in Honolulu.

Assailing the U.S. far Eastern policy, the "Chugai Shogyo," prominent daily in Tokyo, stated that "as long as the United States keeps up her present attitude we may be forced to utilize the three-power pact to the fullest extent."

About £200,000 worth of silver, part of the silver deposits in the French Concession in Tientsin which had been stored in the Yokohama Specie Bank in Tientsin, was shipped to an undisclosed destination, according to the Shanghai Chinese press.

The fortnight-old Japanese blockade in Shanghai's western district was called off at noon yesterday.

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Who's Who in China

Cheng Shao-chiung, veterinary Surgeon; born in Chienkiang, Szechuen, April 18, 1901; graduate, Tsing Hua College, 1914-21; B.S. in animal Husbandry and D.V.M. in Veterinary Medicine, Iowa State College, 1921-26: Sc. D. in Hygiene, School of Hygiene and Public Health, Johns Hopkins University, 1928-30; Member of American Honorary Societies: Sigma Xi, Phi Kappa Phi and Delta Omega; Research Fellowship, Johns Hopkins University, 1929-30;

Cheng Shao-chiung

程紹迥

Professor, National North Eastern University, 1930-31; Professor, Shanghai Veterinary School, 1932-34; Technical Expert, Shanghai Bureau of Commercial Tests, 1931-34; Head of the Shanghai Serum Production Station, 1932-33; Technical Expert, National Bureau of Agriculture Research, 1933-37; Head of the Shanghai Epizoatic Prevention Station 1933-37; Director of the Szechuen Provincial Bureau of Animal Industry, 1936-37; Senior Technical Expert, Ministry of Industry, 1937; Senior Technical Expert and Head of the Department of Animal Husbandry and Veterinary Medicine, National Bureau of Agricultural Research, 1938-40; Director of the Department of Fishery and Animal Husbandry, Ministry of Agriculture and Forestry, 1940; Author of: Leucocytic Counts in Rabbits, Rinderpest in China, Bovine Contagious Pleuro-pneumonia in China, Chinese Water Buffalo As Producers of Anti-Plague Swine Serum, Table of Acute Infectious Diseases of Cattle, etc.; Address, Ministry of Agriculture and Forestry, Chungking.

(Continued from page 123)

Because of the rough, steeply graded road, slow-moving parts, which almost never have to be replaced in America, often break. And strangely enough, the fast moving parts, of which many spares are supplied by the American manufacturers, often stand up very well. On American roads, for example, springs rarely break. On the Burma road springs, particularly the front ones, are often the first to go.

The average life of a truck is one year or less. A truck generally goes about five or six thousand kilos the first month, but there-after its utility is sporadic and uncertain.

Road repair work, consisting of improvement of curves and cutting down of grades, is constantly going on. Some grades are as steep as twenty degrees. An attempt is being made, however, to establish seven or eight degrees as the standard.

Maintenance work is done by gangs of coolies, many of whom are tribespeople. According to the transport officials, the coolies are paid about $30 per month. Transport officials deny that the workers are conscripted.

Men and Events

Mr. Risto Ryto, Finland's war Premier, was elected President of Finland on December 19, states a Transocean message from Helsinki.

*

The Mexican Minister to Japan, Senor Primo Villa Michel, will shortly be invested with the decoration of Second Class Order of the Sacred Treasure, in recognition of his services in promoting friendly relations between Mexico and Japan.

*

The Honan Provincial Government has established a Provincial Dental Hospital at Loyang, according to **Kuomin** report. The hospital is headed by Dr. Huang Tsu-lien, who announced that a Provincial College of Dentistry will also be established there in 1941.

*

The Japanese have announced the creation of a "China Culture Association," which will have its headquarters in Peiping. The organization will publish a magazine and will have as its object the "leading of the thoughts of Chinese youths the right way," stated the Japanese report.

*

A branch office has been established by the Central Bank of China at Enshih, south-western Hupeh, states Kuo Min. The remittance section of the branch opened for business on December 5, but the formal inaugural ceremonies for the entire office will not be held until New Year's Day.

*

Mr. P. G. Wodehouse, popular British humorist and novelist, was in a German prison camp and in good health, it was stated by a Transocean message from Stockholm, quoting the London **Daily Express.** The message reported that Mr. Wodehouse was engaged in writing a new novel.

*

The meticulous German **Transocean** news service reported on Dec. 21 that every American man, woman and child, owes the U. S. Government the sum of US340 as their individual share in the Federal Government's national debt, which has now reached the former legal limit of US$45,000,000,000. The armament program is expected to increase the debt to US$65,000,000,000, stated the German report.

*

The French Consul-General at Tientsin, L. Colin, has granted the Japanese the right to establish a branch of their North China Telecommunications Company in the Tientsin French Concession. The office is the property of the Ministry of Communications of the National Government at Chungking and has been under the protection of the French Consul-General. According to **Domei** the Japanese demanded control of the office last January, but the demand was rejected.

*

Thirteen strikes involving 2,006 workers and resulting in the loss of 3,317 working days occurred in the International Settlement of Shanghai during November, according to statistics compiled by the Industrial Section of the S.M.C. The concerns affected included a cable company, an electric and engineering company, cotton thread and cotton weaving factories, silk weaving factories, and scavengers of the Public Works Department of the S.M.C. The number of workers employed in industrial concerns in the Settlement and Extra-Settlement area of the Western District during the month was approximately 197,213, as compared with 27,300, 149,461 and 211,506 in November 1937, 1938 and 1939.

Arthur R. Ringwalt, U. S. Consul, connected with the Embassy at Peiping, has returned to Peiping following a visit to Shanghai. Mr. Ringwalt is a native of Omaha, Nebraska. He was previously connected with the American Consulate-General at Shanghai and later was stationed at Kunming, prior to his transfer to Peiping.

*

C. S. Franklin, former Chairman of the Municipal Council of the International Settlement and practicing attorney of Shanghai, returned to Shanghai this week from a trip to Hongkong and Manila. Mr. Franklin was a passenger on the Japanese steamer, Nitta Maru. Reitetsu Iwata, Secretary of the Tokyo Foreign Office, was also a passenger on the same steamer, according to **Domei** report.

*

Among the large number of provincial food control officials recently appointed by Chungking are, Szu Lieh and Li Sheng-ching in Chekiang; Li Chih-kang and Cheng Hsiao-kung in Shensi; Li Chihkang director and Cheng Hsiao-kung, deputy director of National Food Control in Shensi; Szu Lieh and Chu Hui-ching, director and deputy director respectively in Chekiang; Huang Shu and Chen Chi-tu, director and deputy director respectively in Ksikang.

*

M. Jean Marie, formerly head of the French Line, was nominated President of the Board of Directors of the Messageries Maritimes on December 21, according to a **United Press** message quoting the Vichy **Official Journal.** The nomination, it was added, was part of a general merchant marine personnel reshuffle. Havas reported from Vichy that on December 19 seven new members were appointed to the Board of Directors of the Compagnie Transatlantique, including the former Governor-General of Indo-China, M. Olivier.

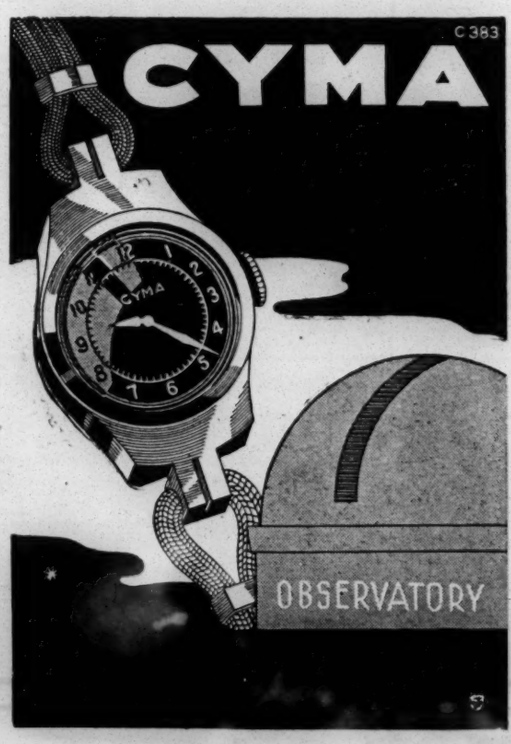
It was reported in Chungking on Dec. 22 that China had signed an agreement with the Soviet Union providing for an improvement in the trade of the two countries. Under the agreement Russia will extend credits to China for the purchase of Chinese products and a development of barter trade between the two countries. China will supply Russia wih various raw products, chiefly tea, in exchange for Russian finished products.

*

Some 5,000 "middle and small scale" merchants in Japan, who have been forced out of business because of the serious economic situation in Japan, will be transferred to Manchukuo, according to **Havas** report from Tokyo on Dec. 22. The report stated that 300 rice and charcoal merchants from Yamanashi Prefecture would emigrate to Manchukuo on Feb. 11. It also was stated in the report that camps have been established for the training of the emigrants. Some 150 families of merchants from seven villages in Nagano Prefecture, including confectioners, pharmacists, photographers, carpenters and mat-weavers are now being trained, stated the report.

*

Foreign births recorded by the Shanghai Council in the Settlement during November numbered 145, of which 137 were the infants of residents, it was revealed last week by the S.M.C. Public Health Department. Of resident infants, 73 were males and 64 females, a total of no less than 108 of these being Japanese. During the same period, it was stated, 2,122 Chinese births were recorded in the Settlement. There were 73 deaths among the foreign community, 12 of these being German Jewish refugees and 41 others non-Chinese Asiatics (32 Japanese, eight Indian and one Filipino).



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Air Chief Marshal Sir Robert Brooke-Popham, Commander-in-Chief of the British Forces in the Far East, on December 20 cabled congratulations on British successes in the Middle East to General Sir Archibald Wavell. "The victory forms striking example of the complete co-operation between the forces, and is an incentive and inspiration to us all," Sir Robert wired. Sir Archibald replied: Co-operation was excellent. All goes well."

*

Mr. Nagao Kita, formerly Japanese Consul-General in Canton, has been appointed Japanese Consul-General at Honolulu, according to an announcement in the Tokyo **Official Gazette** issued by the Gaimusho on December 20. It was also revealed, states **Domei**, that Mr. Hidenari Terazaki, Second Secretary of the Japanese Embassy at Peiping, has been named Secretary of the Japanese Embassy at Washington.

*

According to an announcement by the Chinese Ministry of Economic Affairs, domestic production of iron and steel, already increased during 1940, will be stepped up by a much greater extent in China during 1941 by the employment of large numbers of locally made furnaces of a capacity from three to 20 tons each. Cooperation of domestic foundries has been asked in order to make China self-sufficient so far as military and industrial requirements are concerned, by the end of the coming year.

*

Following the salary increase announced for the Shanghai Municipal Police on December 6 after Chinese constables had called a strike, the French Municipal Council revealed on December 14 that a temporary high cost of living allowance of 140 per cent would be paid Chinese members of the French Police. The announcement was made despite previous firm denials that an application for an increase in wages had been made to the F.M.C. by the Chinese consitables.

*

Tracked down to their lair in Hongkew, a gang of kidnapers known to have been operating in Shanghai for more than a year were brought before the First Special District Court on December 21 and were accused of having sold nine Shanghai children to Chinese in the Japanese occupied area of Amoy. Six of the children, who were aged from four to nine years, appeared in court where they were reunited with their parents in a touching scene. It was declared by the prosecution that the children were snatched from the streets of Shanghai and sold to foster-parents in Amoy at prices ranging from $200 to $350 each. Police asked for a remand in which to conduct further investigations, as a result of which they expect to uncover the fate of a number of other missing Shanghai children.

*

Sir John Latham, first Australian Minister to Japan, arrived in Yokohama from Shanghai on December 20, and was met at the pier by Mr. Yoshitane Kiuchi, Chief of the Protocol Section of the Foreign Office, states **Domei**. Sir John, who was accompanied by Mr. P. Shaw, Third Secretary, declined to answer questions put to him by correspondents, stating he did not desire to do so until he had presented his credentials. During his brief stay in Shanghai en route to Japan Sir John Latham asked Japanese correspondents who attended his Press Conference there to stress in their reports that he was not interviewing the Japanese Press, and confined his replies to questions to guarded generalizations. He recalled his previous visit to the Far East in 1934, however, and hoped that he might once again have the pleasure of meeting his many friends in the Chinese Government when his business in Japan gave him time.

A new middle school, the Han Min Middle School, is shortly to be established in Kwangsi Province, according to report from the provincial capital at Kweilin. The school has been named after the late Kuomintang leader, Hu Han-Ming, who was a highly-esteemed patriot and associate of the late Dr. Sun Yat-sen, founder of the Party. Gen. Chiang Kai-shek has donated the sum of $10,000 toward the new institution.

*

Pilot Officer, William Ernest Holland, a former resident of Shanghai, was killed in an aviation accident in England on Dec. 10, according to a telegram received by his brother V. J. B. Holland. Mr. Holland was connected with the National Carbon Company, an American concern, for several years and was well known here. He was connected with the Shanghai Volunteer Corps, being a lieutenant in the Air Defense Company. He served in the Royal Air Force in the first world war and retired with the rank of Major. The nature of the accident in which he was killed was not indicated in the cable received here.

*

Zi Ah-hai, a butcher in the International Settlement, was sentenced to two months imprisonment in the First Special District Court on Friday, Dec. 13 on a charge of selling dog meat in place of mutton. Zi had a stall at the Seymour Road market and apparently had been substituting dog meat for mutton for some time. W. F. S. Fang, Assistant Municipal Advocate, said that dog meat and mutton were so similar that it required considerable examination by experts to determine the fraud. Butcher Zi said that times are so hard that it was only in this manner that he could earn a scanty living. The prosecution was brought by the Public Health Bureau.

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NO. 1649

The public is hereby notified that the Custom House will be closed, and the shipment and delivery of cargo suspended, on the following days—Wednesday to Friday, 1st to 3rd January 1941.

(L. H. LAWFORD)
Commissioner of Customs.

CUSTOM HOUSE,
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David Morris, 71, correspondent in China for **The Associated Press** in the Boxer Rebellion in 1900 and 1901, and editor of newspapers in various parts of the world, died in Washington, D. C., Oct. 19. He once served as an officer in the Dominican army and received wounds, which later were the cause of his death. After the Spanish-American war he remained in Manila and edited for a time the **Manila American.** He came to China from Manila as correspondent for **The Associated Press.**

*

All bridges across Soochow creek connecting the Settlement proper and Hongkew were closed on three separate occasions and all traffic held up for several hours on Thursday, Dec. 12—not because another Japanese officer had been killed—but because Gen. Nobuyuki Abe, former Special Ambassador to the Nanking Government, was in Shanghai and was staying at the old Astor House Hotel. Every time the General left the Hotel, all bridges were closed, causing a complete stoppage of traffic. In addition to the closure of the bridges, the Japanese naval authorities staged energetic searches by naval patrols and special search parties.

*

A marked increase in crime was observed by the Police in the Shanghai Settlement during November, according to an announcement by the S.M.C. Publicity Office on December 19. The Commissioner of Police stated in his report to the Council that a total of 2,675 cases of crime, which included 258 brought to light by police investigation, occurred during the month, showing an increase of 109 cases in comparison with figures for October, and 119 in comparision with figures for the corresponding period last year. Included among the arrests effected during November were 184 for complicity in armed crime, and 29 firearms and a quantity of ammunition were seized by police during investigations into these offences.

*

The Metropolitan Land Company, Ltd., voted at the annual general meeting held on Dec. 10, to pay a final dividend of $1, making a total of $1.40 for 1939-40. It also was decided to place $50,000 in general reserve and carry forward $78,989.06. Directors elected or re-elected, included, O. Okamoto, a Japanese, Sir Robert Calder-Marshal, and C. E. Sherwin. The net profit for the year was $336,273.70, which was treble the profit of last year, which was $110,752.64. Sir Robert Calder-Marshall, Chairman, pointed out that the Company's developed properties in Shanghai and Hongkong and been "fully occupied and had paid a satisfactory return on the investment." He said that an increase in rent in Hongkong had resulted from the completion of the new development on the Hongkong Causeway Bay property. Two Hongkong properties and ten lots on Hungjao Road were sold. The Company purchased $242,000 of its own debentures in the open market at a discount, the Chairman reported.

All Japanese vessels will be required to obtain warrants from London before being permitted to take on supplies, water, fuel or food at Australian ports in the future, it was declared by **Domei's** Sydney correspondent on December 21. This is an extension of restrictions already introduced in India and Africa, and is regarded by the Japanese as a threat over their shipping to be used whenever Britain wishes to apply pressure. Japanese shipping firms already have applied to London for Australian port warrants, it was added.

*

"Persistent rumors" were circulating that three Germans travelling from Kunming to Indo-China had been murdered by bandits, **Transocean's** Chungking correspondent reported on December 19. It was reported that a German named Liebschner, his wife and their child, and a native servant, were set upon when crossing the Red River, which forms part of the frontier between China and Indo-China. Efforts made by German diplomatic representatives on Kunming to abtain confirmation of these reports had failed, concluded the correspondent.

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New Books of Interest in the Far East

Pacific Adventure

THE STORY OF THE PACIFIC:—By Hendrik Willem Van Loon. Harcourt, Brace and Company, New York. 1940. Cost not indicated.

Whenever he writes, and he writes a great deal, Hendrik Willem Van Loon is an example of man philosophizing; not profoundly but always by the gaiety with which he alludes to a thousand different things. "Silent on a Bench in Darien" is the title of his second chapter giving musings upon the Pacific:

"Let me see! Where was I when I dozed off? I was trying to imagine what this spot must have looked like in the days when the accumulated plunder from the East used to be brought here after having successfully crossed from Manila to the isthmus. Once safely inside the Gulf of Panama, the galleons were thereupon unloaded, the boxes and bales were hoisted on the backs of the natives and the ghastly procession started northward across the isthmus."

Panama City is "now the capital of the republic created by the grace of the late Teodore di Campo Rosso, twenty-sixth President of the United States." Balboa discovered the Pacific "but had his head chopped off before he could cash in on his achievements." "The **Mare Pacifico,** the all-too-quiet Pacific Ocean. Judging from present prospects, we may soon have to rebaptize it the Sea of Conflict—the **Mare Bellicoso.**"

Mr. Van Loon's book is full of interesting drawings by the author and also full of information. Names, for example: the Caroline Islands were named after Charles II of Spain, the Gilbert and Marshall Islands after two British captains who visited them in 1788; the Marianas were named after Maria Anna, widow of Philip IV of Spain; the Society Islands were named after the Royal Society of London, by Captain Cook who first visited the Pacific for that society in 1766 to make observations of a transit of the planet Venus across the sun. There is Alexander Selkirk, "an unruly and cantankerous fellow", who was left on Juan Fernandez Island in 1703 by one of Dampier's ships' and picked up five years later by an expedition of the same Dampier, carried to Bristol, where Defoe met him and made him live in literature as Robinson Crusoe. This tale in turn influenced Rousseau's sentimental imaginings regarding a "triumphant rebirth of man, regenerated in the image of his primitive self."

"Meanwhile that image, a naked Australian bushman, was sitting shivering among the offal of oyster middens. For the he had not yet learned how to to cook a meal or build himself a house."

Mr. Van Loon makes contrast between the first and the later discovery of the Pacific, giving the Polynesians the credit they deserve for "one of the most fascinating and one of the least known chapters in the history of human courage and endurance," since without maps, compasses or modern instruments of navigation they found their way "across almost 70,000,000 square miles of uncharted waters." They went as far east as Easter Island, as far south as New Zealand, as far north as the Hawaiian Islands, and even then never quite lost touch with each other. On this subject Mr. Van Loon gives due credit to Dr. Peter H. Buck "whose book, **Vikings of the Sunrise,** is a book which every visitor to the Pacific Ocean should have somewhere in his luggage."

Magellan's story is told of course, and Spanish, Dutch, English adventurers cross the pages of the book, but it is of the 17th and 18th century explorers that Van Loon speaks with the most respect. There were the Dutchmen Abel Tasman, who "put New Holland on the map", which later changed its name to Australia, and Jacob Roggeveen; the Frenchmen Bougainville and La Perouse. "The next time you see a house buried in bougainvilleas, give the old gentleman a thought. He will like it and will bestow upon you his most polite bow, done with all the grace of the old regime." They were a good breed of men. But it is for Captain Cook that the highest praise is reserved. In him there was "no room for personal vanity." Always considerate, courteous, he was "the Perfect Gentleman." He was "not only one of the greatest navigators of all time, but he was also one of the most humane men that ever set foot on the quarter deck." Strange that William Bligh of the **Bounty** should have served under such a captain! A long last chapter to eighty pages is given to Captain Cook.

But why, Mr. Van Loon, have you omitted all mention of Captain Vancouver who in 1790, twelve years after Cook's death, introduced horses and cattle on the Hawaiian Islands for the bentfit of the Hawaiians, and gave them helpful advice as well? You are a bit unfair to the missionaries. But your innate friendliness for the peoples of the Pacific islands of whom you write meets with our respect, and as you take leave of your readers as our "obedient servant, in the same spirit we take leave of you.

D. R.

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THE VENGEANCE OF LU O
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THE CHINA WEEKLY REVIEW

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NEW APPOINTMENTS

Pi Tse-yu, Commissioner of Civil Affairs in Chahar Province, has been appointed Acting Chairman of the Provincial Government, according to a **Kuomin** report from Chungking this week. Other appointments and transfers announced by the National Government during the week included, Chang Ching-yu as Director of the Customs Administration under the Ministry of Finance; Dr. Yu Sung-chun as director of the Medical Department of the National Health Administration; Gen. Ku Cheng-lun, new Chairman of Kansu, has been concurrently appointed Commander of the Kansu Provincial Peace Preservation Forces in succession to Gen. Chu Shan-liang, who has been transferred to another post; Liu Sui-chang, as director of Civil Affairs department of the Ministry of Interior; Yang Chun-lu, sectional chief of the Ministry of Interior, has been appointed an inspector of Chien Jen rank; Kwei Hsiu-chiu as a member of the Anhwei provincial government; Tang Chi-yu as director of the Kiangsi provincial land reclamation bureau; Tan Ko-min appointed Kweichow provincial government committeeman and concurrently Commissioner of Civil Affairs in succession to Sung Hsi-wen, who has been appointed to another post; Hsiao Hsun as special administrative commissioner and peace preservation commander for the 2nd area of Hunan; Hsieh Pei-cheng as special administrative commissioner and concurrently peace preservation commander for the 6th district of Kansu, in succession to Hu Pao, who has been transferred to another post; Lin I-shan as Courier Transportation Director for Hupeh province; Wang Sou-fang as chief secretary of Kansu; Cheng Chen-yu, commissioner of Civil Affairs for Kansu; Chang Hsin-I, Kansu commissioner of Finance; Chao Lung-wen, member of the Kansu provincial government committee; Tsai-I appointed chief secretary of the examination committee for selection of magistrates in Hunan; Lei Fa-chang, member of Shantung provincial committee to serve concurrently as chief secretary of Shantung; Kwei Chin-chiu appointed member of the Anhwei provincial government; Gen. Chu Shao-liang, former Chairman of Kansu, relieved of his concurrent duties as commander of Kansu provincial peace preservation forces; Ku Cheng-lun, new chairman of Kansu, appointed concurrently as commander of the peace preservation forces; Teng Chun-kao as a member of the Chungking Control Yuan; Yu Fen also appointed member of Control Yuan at Chungking; Feng Ta-hung appointed deputy director of Shensi in succession to Chang Shou-yo, who was appointed to another post; Lu Ju-sung appointed chief technical expert in the highway administration of the Ministry of Communications; Chow Tsu-shan, who has been appointed to another position relieved of his duties as secretary in the Ministry of Interior; Chang Nung and Lin Fu-kwang appointed senior technical experts in the Ministry of Agriculture and Afforestation; Chen Chen-yu appointed general superintendent for election of Kansu delegates to National People's Congress in succession to Shih Kuei-ling, who has resigned; Wu Chun-ku appointed special administrative commissioner for the 8th Area in Kiangsu; new Kwangsi officials include, Hu Tai-lu, special administrative commissioner for 1st area; Tien Liang-chi, special administrative commissioner for 2nd area; Liang Chao-hu, for the 3rd area; Yin Cheng-kang for the 4th area; Chen Shao-min for the 5th area and Chen Hsi-kwang special administrative commissioner for the 6th area; Lu Hsiang-yung, 7th area; Ho Yin-en for the 8th area; Li Chi for the 9th area; Jen Shen-feng for the 10th area; Huang Kun-shan for the 11th area and Li Hsin-hsien for the 12th area.

In the United States Court for China

In re: Last Will and Testament of HUGH WATT WHITE Deceased

Cause No. 4548

Special Proceedings No. 2427

NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of HUGH WATT WHITE, deceased, to present the same with vouchers to the undersigned on or before July 1st, 1941, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

H. MAXCY SMITH,
Executor
c/o Associated Mission Treasurers
Shanghai

Shanghai, China.
December 4, 1940.

In the United States Court for China

IN RE: ESTATE OF BERT N. NELSON, Deceased.

Cause No. 4560

Spec. Proc. No. 2439

NOTICE

Filed at Shanghai, China, Dec. 16, 1940

WILLIAM T. COLLINS
Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the Estate of Bert N. Nelson, deceased, to present the same with vouchers to the undersigned on or before June 15th, 1941, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Myron Wiener.
Administrator ad Colligendum of the Estate of Bert N. Nelson, deceased.

Messrs. Rodger & Wiener,
181, Kiangse Road, 11th floor,
Shanghai, China.

Shanghai, China, December 16th, 1940.

JAPAN'S WAR IN CHINA

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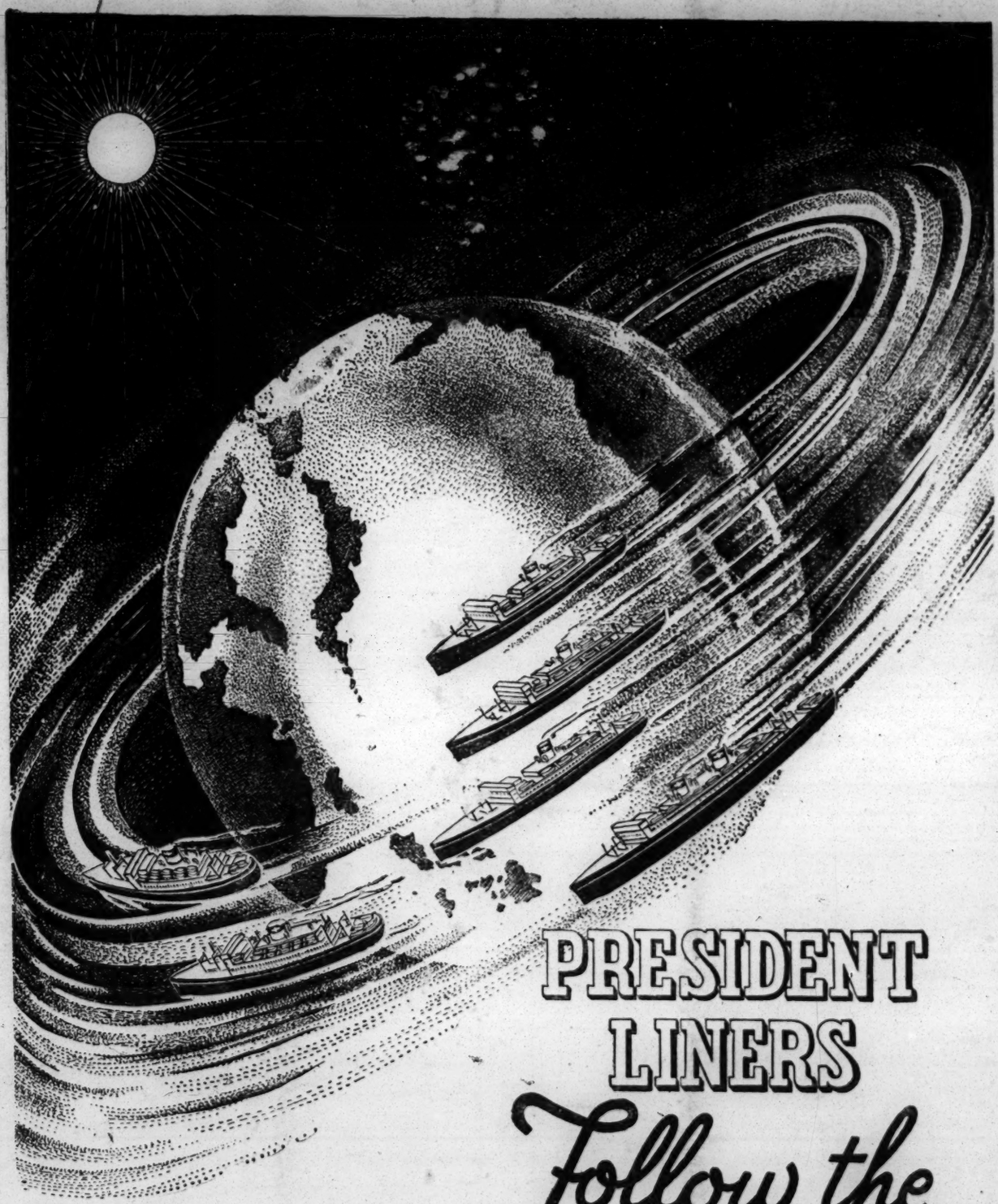

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